Liberty Imperiled – Nat Hentoff

reason

Free Minds and Free Markets

February 1987 / $2.00

Make Money Not War

The New Antiwar Capitalists

James Buchanan on The Capitalist Revolution

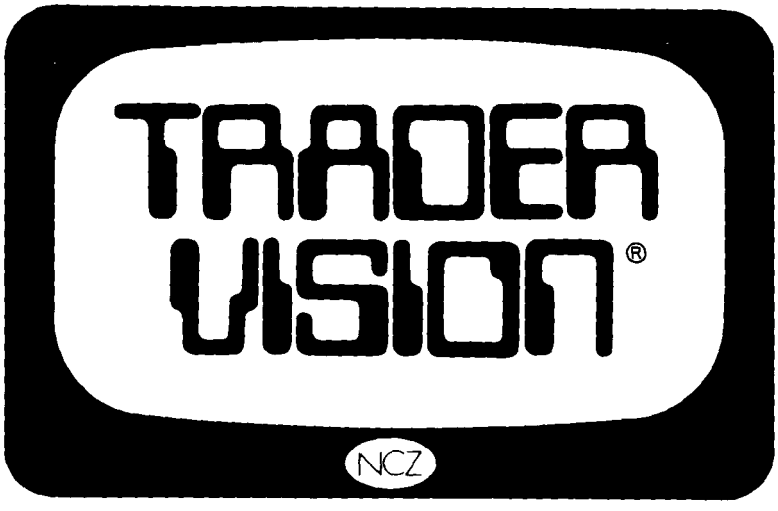
Britain's Free-Market Artillery

Acts of Terror or Acts of War?

Martin Stone Publisher of California Business

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

NOW YOU CAN TRADE COMMODITIES FROM YOUR HOME OR OFFICE... WITHOUT CALLING A BROKER



Introducing TraderVision.

If you own a personal computer, here is an exciting way to trade commodities from the comfort of your home or office without calling your broker.

With TraderVision, an exclusive service of NCZ Commodities, Inc., you can place orders 24 hours a day, 7 days a week — even when the market is closed.

Placing an order with TraderVision takes less time than calling your broker. All you need is a personal computer and modem. Then, with a few keystrokes, you can receive price quotations, place orders and review your portfolio and tax records. Your account information [including margin position] is always up-to-date and instantly accessible. It's that easy!

Start Today.

To subscribe to TraderVision or for more information call Lori Avrutine at 1-800-327-2525 or, in New York, 212-935-1977. Call today!

TRADER VISION®

A division of NCZ Commodities, Inc., 49 West 57th Street, New York, NY 10019

Value Line Pinpoints...

DOUBLE-POWERED STOCKS FOR 1987

Or how to be a Bull and a Bear at the same time

Among the 1700 stocks under intensive year-round review by Value Line's 80 research specialists, only 119 now offer this *combination:* (Value Line 11/7/86).

- Each of these stocks is now accorded a *superior* rank (Group 1 or 2) by Value Line for Probable Market Performance in the next 12 months. This means we think they will give stronger price performance than the average of *all* 1700 stocks no matter which way the market goes during the year ahead.
- Each is *also* accorded a *superior* rank (Group 1 or 2) by Value Line for Safety. The Safety rank is based on the stock's price stability and the company's financial strength (each of which is also ranked separately).

In the opinion of Value Line research, this handful of stocks offers investors some of the best opportunities to capitalize on a rising market in 1987 and—*at the same time*—retain superior protection in the event of a general decline.

Updated Every Week

Every week Value Line's regular *Summary & Index* presents up-to-date ratings of EACH of 1700 stocks *relative* to all others, as follows . . .

a) Rank for Relative Probable Price Performance in the Next 12 Months—ranging from 1 (Highest) down to 5 (Lowest).
b) Rank for Investment Safety (from 1 down to 5).
c) Estimated yield in the Next 12 Months (100 stocks offer yields of 6.8% and up—Value Line 11/7/86).
d) Estimated Appreciation Potentiality in the Next 3 to 5 Years—showing the future "target" price range and the percentage price change indicated. (100 stocks are in the 105% to 335% range—Value Line 11/7/86).
e) Current price and P/E, plus estimated annual earnings and dividends in current 12 months. Also the stock's Beta.
f) Very latest available quarterly earnings results, and estimated quarterly earnings twelve months in advance, and dividends, together with year-earlier comparisons.

In addition, each of the 1700 stocks is the subject of a comprehensive new *full-page Rating & Report* at least once every three months—including 22 series of vital financial and operating statistics going back 15 years and estimated 3 to 5 years into the future.

SPECIAL OFFER

If no member of your household has had a subscription to Value Line in the last two years, you can now receive the complete Value Line Investment Survey for the next 10 weeks for only **$55** (about) half the regular rate). We make this special offer because we have found that a high percentage of those who try Value Line for a short period stay with it on a long-term basis. The increased circulation enables us to provide this service for far less than would have to be charged our long-term subscribers were their number smaller. Your trial will include the following:

EVERY WEEK a new SUMMARY & INDEX section (40 pages) . . . showing the current ratings of 1700 stocks for future relative Price Performance and Safety—together with their Estimated Yields and the latest earnings, dividends and P/E data.

EVERY WEEK a new RATINGS & REPORTS section (144 pages) . . . with full-page analyses of about 130 stocks. During the course of every 13 weeks, new full-page reports like this are issued on all 1700 stocks, replacing and updating the previous reports which will be sent to you already filed in your binder as a bonus. Filing takes less than a minute a week. All this material is so organized in your binder that you can quickly turn to a continually updated report on almost any leading stock.

EVERY WEEK a new SELECTION & OPINION section . . . with a detailed analysis of an Especially Recommended Stock—plus a wealth of investment background including the Value Line Composite Average of more than 1700 stocks.

Plus This Bonus...

Value Line's complete 2000-page *Investors Reference Service,* with our latest full-page reports on all stocks under review—fully indexed for your immediate reference—to be updated by new reports sent weekly.

And This Bonus, Too...

The 72-page booklet, "A Subscriber's Guide," which explains how even inexperienced investors can apply thousands of hours of professional research to their own portfolios by focusing on only two unequivocal ratings, one for Timeliness (Performance in the next 12 months), the other for Safety.

Money-Back Guarantee

You take no risk in accepting this special offer. If you are not completely satisfied with The Value Line Investment Survey, just return the material you have received within 30 days for a full refund of your fee.

CALL TOLL-FREE:
If you have MasterCard, American Express or Visa, phone 1-800-633-2252 (Ext. 281) 24 hrs. 7 days a week.

THE VALUE LINE INVESTMENT SURVEY

Value Line, Inc., 711 Third Ave., N.Y., N.Y. 10017

INTRODUCTORY OFFER

☐ Begin my 10-week trial subscription for $55 to The Value Line Investment Survey (limited once to any household every two years) and send me the two bonuses listed above.

ONE YEAR SUBSCRIPTION

☐ Begin my 1-Year (52 issues) subscription for $425 and send me the two bonuses listed above. There are no restrictions with this annual subscription.

SPECIAL EXTRA BONUS

A pocket-size Credit Card LCD CALCULATOR given to you when you order The Value Line Investment Survey for one year—and send payment now.

Allow 4 weeks for delivery.

☐ My payment is enclosed. ☐ Please charge to:
☐ American Exp. ☐ MasterCard ☐ Visa
Expiration Date _____
Account # _____

This subscription is
(N.Y. residents add sales tax.) Dept. 883K01

Signature _____

Name _____

Address _____
City _____ State _____ Zip _____

February 1987 / Vol.18, No.9

reason

Free Minds and Free Markets

features

The business of peace 23

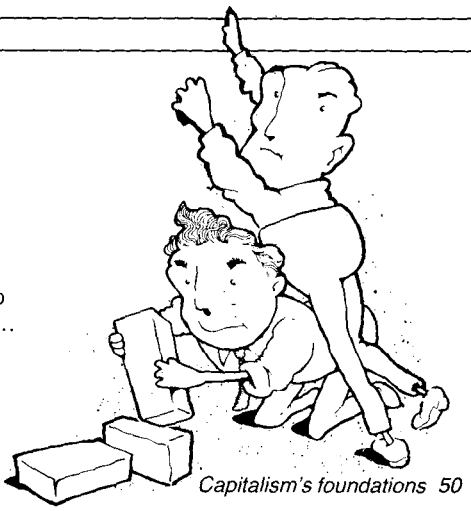
23 ***The New Antiwar Capitalists***
Bill Kauffman
Who says business and peace don't mix? Meet the latest champions of a long, honorable tradition.

31 ***How to Move a Nation***
John Blundell
Forget U-Haul. It's Britain's IEA, which for 30 years has been selling liberty and free enterprise in the marketplace of ideas. Sales are booming.

36 ***Making This Liberty Stuff Come Alive***
Nat Hentoff
Order kids around and they'll tell you "it's a free country." But do they really understand what the Bill of Rights is about? How can we teach them?

40 ***"I'm a Free Man Resisting Slavery"***
Jim Harris
The government demands that young men register for military service. Paul Jacob said no—and went to jail.

departments



Capitalism's foundations 50

Trends

16 Swiss kiss off statists, consumers make out in new cars, hicks have phone fun, Newt gives more than lip service, voters do it by themselves...

Life & Liberty

46 ***What's Red on the Outside and Gray on the Inside?***
Tibor R. Machan
Students who peek behind the Iron Curtain come back confused, but wiser.

The Book Case

50 ***The Facts Are Right, but the Facts Are Slight***
James M. Buchanan
The Capitalist Revolution: Fifty Propositions about Prosperity, Equality, and Liberty, by Peter L. Berger

50 ***Vignettes of the Frontier Economy***
Robert Sobel
Entrepreneurs of the Old West, by David Dary

54 ***Youth and the State***
Doug Bandow
National Service: What Would It Mean, by Richard Danzig and Peter Szanton

6 ***The Mysterious Fund***
Up Front / Virginia I. Postrel

12 ***Feminist Fantasies About Big Brother***
Editorial / Marty Zupan

13 ***Sell? You Bet Your Assets!***
Editorial / Robert W. Poole, Jr.

43 ***They're Lookin' at You, Kid***
Taxes / Warren M. Salomon

44 ***Market Marketeer***
Spotlight / John Dentinger

58 ***Acts of Terror or Acts of War?***
Viewpoint / Mack Tanner

8 ***Letters***
14 ***Brickbats***
54 ***Book Hints***

Cover photography by Richard Arrindell

REASON *(ISSN 0048-6906) is published monthly except combined August-September issue by the Reason Foundation, a nonprofit, tax-exempt organization, 2716 Ocean Park Blvd., Suite 1062, Santa Monica, CA 90405. Second-class postage paid at Santa Monica and additional mailing offices.* ***POSTMASTER:*** *Send address changes to REASON, Box 27977, San Diego, CA 92128.* *Copyright ©1987 by the Reason Foundation. All rights reserved. Reproduction or use, without permission, of editorial or graphic content is prohibited.* ***REASON*** *is a registered trademark owned by the Reason Foundation.* ***SUBSCRIPTIONS:*** *$24.00 per year. Outside U.S. add $8/year surface, $36/year airmail. Address all subscription correspondence to: REASON, Box 27977, San Diego, CA 92128; 619/485-9623 or 566-6947. For address change (allow six weeks), provide old address and new address, including zip code.* ***UNSOLICITED MANUSCRIPTS*** *will be returned only if accompanied by SASE.* ***INDEXED*** *in America: History and Life, Historical Abstracts, Political Science Abstracts, PAIS Bulletin, and Public Issues Index.*

Here's a simple but powerful investing technique that's easy to understand. It's based on the rise and fall of interest rates. And you can profit handsomely whether the rates go up or down.

"Hot Tips" and Hard Work...

You're a small investor. You've got maybe a few thousand to invest. Somehow you don't quite trust the advice you could get from brokers, accountants, bank managers and the like... you figure they have something to sell you.

Or, maybe you decide to rely on so-called hot tips from friends, or investment gurus. Or you try to figure it all out for yourself from the ads in newspapers and magazines. Somehow... you don't feel quite right about that either...

And if you get lucky, *really lucky*, you'll wind up making maybe 15% on your money. Minus commissions and taxes of course.

In the end, let's face it, you feel you might as well leave your money in the bank.

But you know enough to know where *that* gets you.

So what's the answer?

The "TED" Spread

Well, how about, for example, a little-known technique that's been around for years... and used only by what we call the "SuperInvestors"? You know, the guys who make their living at it. The fat cats. It's been one of their so called secrets until now. It's called, simply, The TED Spread.

And here's what it offers:

- It's easy to understand – almost anyone can do it.
- *You* decide the amount to put at risk (as low as $1000).
- You have the potential to double, or even triple your money – in *months*, not years.
- Takes 5 minutes of your time a day.
- Annualized returns of as much as 400% – and more – are possible.
- The opportunity usually occurs three, maybe four, times a year.

I know, I *know*. It sounds too good to be true.

Great Little Investments

But I *guarantee* that if you read on, you'll *surely change your mind* when you find out more about The TED Spread.

So... what's a TED Spread?

Well, let me back up just a little. For over a year now we've been researching into what we've come to call *The SuperInvestor Files*. And so far we've come up with fourteen great little investing numbers that your broker – if you have one – may not even know much about. And the first one we've put into plain English is The TED Spread.

Recipe for Success

The TED Spread is the first technique in the new series *The SuperInvestor Files*. How it works is explained in precise detail, in language that's easy to understand. *Nothing* is left to your imagination... you'll be shown exactly:

- *How* and *why* the strategy works
- *When* and *how* to implement it
- *How* to select a broker (or use your own)
- Exactly *how* to place your order
- *How* to monitor your investment
- *When* and *how* to take profits
- Commission costs...

in other words – *everything* you need to know, even if you've never invested before in your life!

Don't Take Gambles

The special characteristics of The TED Spread make it an almost perfect investment for the small investor or people who, though they may have money, don't want to take unnecessary gambles. Yet, with only a few exceptions, the full workings of this technique have remained part of the private reserve of the big-money SuperInvestors – until now.

Why? Because very few small or conservative investors have ever had the privilege to be *shown* exactly how and why the strategy works – even though implementing it is easy.

The Upside, The Downside.

The strategy is based on interest rates – but here's the beauty of it: You have the potential to make money when interest rates go up and sometimes when they go down. So as I've said already, with The TED Spread you have one of the few investments in the world featuring both limited and defined risk – *and* – virtually unlimited profit potential.

Here's an example of what I mean. (Don't worry if you don't understand it fully, it's all carefully explained in *The SuperInvestor Files*.) After you've learned about The TED Spread, let's say you decide to put up $1000 to secure a position in a spread at 100 points – here's what would happen as it moved to various levels:

Rises to:	Your profit is:
500 points	$10,000 (1,000% return!)
250 points	$ 3,750
150 points	$ 1,250

Bought at 100 points

Drops to:	Your loss is:
80 points	$ 500
40 points	$ 1,500

An investment in a TED Spread can produce this kind of profit – sometimes in only a few months – with a level of risk you can hold to $1,000 or less. Of course you can double or triple these numbers by opening more spreads.

Now, get this – The TED Spread has never – repeat, *never* – dropped as low as 40 points. It has, however, been as high as 500 points, and several times has reached 400 points!

Thus, The TED Spread risk is *very* limited... and the profit potential is virtually unlimited.

Now, if this short disclosure has intrigued you just a little, why not ask for a free look at the complete TED Spread File? After all, as one man told us, *The SuperInvestor Files* are "like getting ice cream in July"!

Statement of Principles

We are a private educational service offering a unique and practical method for learning the art of acquiring wealth. We are not a brokerage or insurance company nor are we affiliated with any such firms.

Hume Advisory Board

ARCHIE R. BOE – Past President of Sears Roebuck and Company.

DR. MORTON SHULMAN – Self-made investment millionaire, and best-selling author.

HON. JOHN C. STETSON – Past President of A. B. Dick Co. and former partner in Booz, Allen & Hamilton, management consultants.

J. TREVOR EYTON – A Director and Officer of many prominent public corporations.

Here's how you can get all the information you need – and more – on The TED Spread – Send your name and address to:

Hume & Associates, 835 Franklin Court, Box 105627, Atlanta, Georgia 30348

Then we'll send you *SuperInvestor File #1* – The TED Spread. Read it, use it... pay for it only if you want to keep it. Otherwise send it back within two weeks of receipt and you won't owe a cent. Each file costs $25.00. So, if you decide to keep File #1 The TED Spread, we'll send a new file to you for a free two-week look about once a month. You send any one back, we'll gladly cancel you from the series.

Please check box:

☐ Rush me The TED Spread. I'll either send it back in 2 weeks or I'll keep it and pay $25.00.

Name (Please Print) 128132

Address Apt. #

City State Zip 900Y

Hume & Associates
835 Franklin Court
Box 105627
Atlanta, Georgia 30348
HUME

Hume & Associates ©1986

INVESTORS

FINANCIAL FREEDOM

Offshore Mutual Funds! They offer outstanding profit, safety, privacy. Announcing new OMF report! Helps you select the best funds for you. Easy to use. Complete, covers 331 funds.

Send now. Introductory offer, guarantee, and FREE guide to Offshore Mutual Funds - who they are, where they are, how to invest.
Write today:

MM Financial Report
12A Eastpoint Bldg
92 Gloucester Road
Hong Kong

COMMON SENSE REVISITED

60 minute cassette tape

Celebrate Constitutional Convention Anniversary

Learn about:
1. Draft Registration
2. American Involvement in Central America
3. The Effects of Deficit Spending
4. What Causes Poverty

— AND —

the solution to many of our problems

Send $10 ($2 extra for UPS 2nd Day Air) to COMFORT / Box 12891 / Wichita, KS 67213

Name _____

Address _____

City _____

State _____ Zip _____

upfront

The Mysterious Fund

When most people think of investigative journalism, they think of Woodward and Bernstein meeting Deep Throat in a parking garage. Or Mike Wallace shoving a microphone in the face of some hapless executive.

Around here, we think of Love Canal. Not the story most people think they know—Hooker Chemical poisoning Niagara Falls, New York—but the real story.

In February 1981, REASON reported that Hooker had years before given the contaminated land to the Niagara Falls Board of Education under the threat of eminent domain. Investigative journalist Eric Zuesse described in detail how the school board had refused Hooker's every effort to restrict the land's use to prevent disturbing the chemicals and had sold the land to housing developers over Hooker's strenuous objections and despite a clause in the deed that warned of buried chemicals.

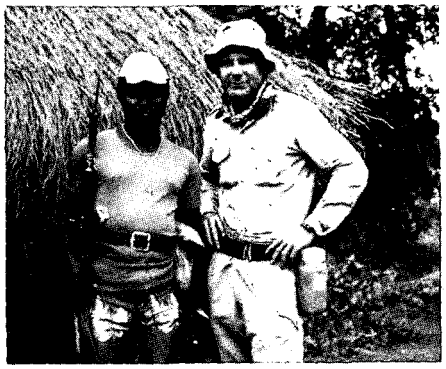
This well-documented tale of government negligence busted a lot of myths. It attracted national attention. And it helped to redefine investigative journalism as not only exposing business wrongdoing or corrupt politicians but also revealing the seamier side of government as usual.

The Love Canal issue was the first copy of REASON I ever read. Wow. I was, to say the least, impressed. As I began to read REASON regularly, I discovered that it was different from other "think magazines." Its writers didn't just sit in armchairs and theorize; they got up and found out what was actually happening—just like real journalists.

Many of the stories I liked carried the credit line "This article is a project of the Reason Foundation Investigative Journalism Fund." They weren't always muckraking pieces like the Love Canal article. Some were positive. A December 1982 story described private initiatives that enable low-income people to own their own homes, and a June/July 1985 article examined how illegal jitneys serve Pittsburgh's poor neighborhoods better than taxis or public transportation.

What was the mysterious fund behind these stories? The IJF, as it's known around the office, was started in 1979 after REASON's first investigative piece—on the misuse of federal funds by Cesar Chavez's United Farm Workers union—received national media coverage and eventually led to a court order that the union return the money.

In the early days, the IJF provided a way



for a small magazine to do good, basic journalism, as well as investigative work. IJF contributions from foundations and corporations paid for the phone calls and travel costs that mainstream journalists take for granted but nonprofit magazines can't.

Nowadays, REASON expects more and more of the articles it publishes to be journalistic. And we reserve IJF money for stories that go above and beyond the call of good basic reporting.

In 1984-85, in our biggest investigative project ever, REASON sent journalist/adventurer Jack Wheeler around the world to report a series of articles on anti-Soviet resistance movements. His trips to Afghanistan, Angola, Cambodia, Mozambique, and Nicaragua cost over $30,000. But they got policymakers talking about anti-Soviet insurgents not as isolated guerillas but as part of a worldwide phenomenon—the popular rebellion against the last colonial empire.

Closer to home, Dale Gieringer spent eight months and $1,750—more than $1,400 on phone calls alone—to research our December cover story, "Inside the DEA." The IJF enabled us to hire a good reporter and give him enough money to do the job right (even though he did save us money by camping out some nights in a VW van.)

Ideas for such stories often come from the authors themselves. But they also come from readers. Last spring, we sent out a letter asking readers to contribute their ideas (and much-needed money) to the IJF. Responses poured in. Without going into too much detail, some ideas we're looking into include:

- The whos, whats, and whys of the homeless and the homeless lobby.
- Private prisons.
- Alternatives to Social Security.
- Innovative private transportation.

Keep those cards and letters coming.

—Virginia I. Postrel

5 famous financial newsletters reg. $78-$195 Just $19-$29 for a full year's subscription

Get any of these 5 leading financial publications at 70-90% off regular prices, as part of a marketing test -- during the next 30 days.

As part of a nationwide marketing test the publishers of 5 leading financial newsletters have agreed to let us offer you full, one-year subscriptions for just $19-$29 each.

These newsletters normally cost $78 on up to $195 apiece. So this is a savings of 70-90% from the price everyone else must pay. Are there any catches?

Yes, but only two very reasonable ones:

First, you cannot be a current subscriber.

And **second,** you don't get the bonus report that regular-priced subscribers receive.

Other than that, anyone who responds before February 28th will receive a full, one-year subscription to any of these five famous financial publications -- for 70-90% off the price everyone else is paying. Also, your money is completely guaranteed. If you're not satisfied (for any reason at all) simply let us know within 30 days after your first issue arrives. We'll send you a full, prompt refund, no questions asked.

Now let us tell you more about the newsletters themselves.

Jerome Smith's Investment Perspectives

(reg.$195).....$29

My own personal favorite -- and probably the best forecaster of gold, silver, stocks, interest rates, inflation, currencies and the economy in general. Defiantly contrarian, it covers the entire spectrum of investing. Long-term analysis has been deadly accurate short-term and medium-term profits have been remarkable. Called each of the last three precious metals cycles - almost to the day. Silver coin recommendations soared 40 times in value, turning $10,000 into $400,000! Now, not all of Smith's recommendations go up 40 times, but overall he's been enormously successful. Recommended by scores of experts, from Howard Ruff to the Silver & Gold Report. Wealthy subscribers pay $195 each year for Smith's forecasts and recommendations. At the marketing test price of just $29, it's an unbeatable bargain.

OTC Growth Stock Watch

(reg. $90).....$19

Perhaps the #1 picker of winning OTC stocks. From April 1984 to January 1986 GSW made 22 recommendations: 28% soared 100% or more in value! Average gain for all 22 stocks: 39.6%. Focus is on special situations: stocks that, due to upcoming mergers, dramatically increased earnings reports, new product innovations, etc., have the potential for 50% gains over the next 6-12 months. Each issue gives you market summaries, plus precise buy/sell signals on every recommended investment. Has quietly been outperforming the Dow by as much as $6 for every $1 invested! For investors who are looking for significantly higher profits -- while still limiting risk to acceptable levels.

David Hall's Inside View

(reg. $97).....$19

One of the most profitable newsletters of the 1980's. Turned $1,000 into $60,284 - in just five years! Average compound return: 126.6% per year. Despite high returns, still little-known to the investment market as a whole. Timing recommendations alone have earned me thousands of extra dollars. Then I arranged for a subscription for a close friend -- he doubled his money in under a year, strictly following the investment advice in **Inside View.** Recommended to all investors who own precious metals or rare coins.

Mutual Fund Performance

(reg. $78).....$19

Each month, **MFP** rates, compares and analyzes the performance of more than 250 mutual funds. It helps you pick mutual fund winners -- such as the Templeton Fund (started 1954, turned $10,000 into $794,610!) -- while avoiding the losers. Makes specific buy-sell recommendations. Shows you which funds make money in bull and bear markets (e.g. during the bear market of the 70's, one fund manager earned 20-50 times his money, investing in high-tech/defense stocks that soared). Also, how and when to use the switch funds . . . which fund families perform best . . . how to avoid hidden loads . . . what are the best mutual fund pension plans . . . and much more. From the founder of the **Hulbert Financial Digest.**

Alexander Paris Marketline

(reg. $125).....$19

This telephone advisory service has been called. . . "indispensable" by Jerome Smith. One of the few experts to make money in gold and silver and the stock market. Put clients into gold below $200 (in 1976) -- pulled them out above $800. Gold stocks soared -- many over 330%. High-tech recommendations in 1983 gained an average of 98.3% each -- with institutions and wealthy investors, including Allstate Insurance, CNA, and the Michigan. **Marketline** is his most expensive (and exclusive) hotline service. Every week you get new forecasts, recommendations and strategies on gold, mutual funds, penny stocks, inflation and the overall course of the economy. Paris' private clients pay up to $80,000 per year for his advice (it's that profitable). Now you can get the same forecasts and strategies -- for just $19.

Full, one-year subscriptions. These are not merely trial subscriptions. Each one is a full, one-year subscription. You receive every profitable forecast, recommendation and investment strategy that regular paid subscribers receive. The difference is that you pay only one-fifth as much as the regular subscribers.

Remember, your subscriptions are 100% guaranteed. Unless you're completely satisified they cost you nothing.

To receive any of these famous financial newsletters for only $19-$29 each, simply send in the coupon below--at once.

YES, please send me the following newsletters, at the 70-90% off test rates. I understand my money is fully protected by a 30-day, 100% money-back guarantee.

- ☐ Mutual Fund Performance (reg. $78) $19
- ☐ OTC Growth Stock Watch (reg. $90)....$19
- ☐ David Hall's Inside View (reg. $97) $19
- ☐ Jerome Smith's Investment Prespectives (reg. $97) $29
- ☐ Alexander Paris Marketline (reg. $125) $19

Amount enclosed $ _____

☐ Enclosed is my check
(made payable to Fountainhead Associates, Inc.)

☐ Please charge my Visa or M/C:

Card Number _____ Exp. _____

Signature _____

Name _____

Address _____

City _____

State _____ Zip _____

578

Mail to:
Fountainhead Associates, Inc.
Test #F11/86
25550 Hawthorne Blvd., #201
Torrance, CA 90505

letters

Not Everyone Has Enlisted

Regarding Dale Gieringer's article, "Inside the DEA" (Dec.), it's nice to hear some truth once in a while. And by the way, vis-á-vis the comparison of alcohol and cocaine, a neuropathic drug by any other name is still a neuropathic drug, in powder form, liquid form, or vapor form.

Cyrus J. Stow, DDS
Conyers, GA

Are You Guys on Drugs, Or What?

Is Dale Gieringer simply stupid, sick, or trying to improve drug pushers' image? His contention that no individual rights are abridged, no murder victims or battered bodies to be found, and no stolen property or crime victims arising from drug-law violations is a gross misrepresentation of the truth. All along the way, the paths of drug producers and pushers are strewn with victims of all sorts, not limited to the above. There are also those who are deprived of healthy, meaningful, productive lives by their *reason*-sapping, debilitating, dehumanizing drug habit.

Perhaps the point about DEA misdeeds is well taken and needs to be dealt with, but the DEA story is otherwise beyond REASON. Sensationalism must be tempered with truth, a quality lacking here.

John A. Tabor
Winchester, KY

Down on the Drug Farm

I have the perfect solution to the "drug epidemic." Since the law of supply and demand has completely swamped the Drug Enforcement Administration, we should turn the problem over to the Department of Agriculture. With Agriculture in charge of production and distribution, drug prices would drop, producers would go out of business in droves, and the majority of the country's drug supply would end up in government storage. In fact, with the addition of a few billions in subsidies, the U.S. could actually become a drug exporting country.

Les Blaser
Dallas, TX

Ascetics No Skeptics of Socialism's Dialectics

I enjoyed Robert Hessen's critique of socialism ("Socialism: Reports of Its Death Have Been Greatly Exaggerated," Dec.), but he overlooked one thing. While many socialist sympathizers, like Jane Fonda, live high on the hog, the most dogmatic and fanatical socialists are not interested in money and live in self-imposed poverty, like Marx and Mao. They think that asceticism is noble and virtuous, otherwise they wouldn't practice it. And believing that it is virtuous, they want everyone to live the same way.

This is why socialists never get discouraged if their ideology doesn't "work" (that is, doesn't produce prosperity). They never *wanted* it to "work." As long as socialism mandates self-sacrifice and forestalls prosperity, its most zealous advocates will keep proclaiming it a "success."

Allan Levite
Dallas, TX

The Inequality of Political Theories

Robert Hessen's article on the premature news of the death of socialism (Dec.) should have started with what it ended with: "the socialist ideal of equality." And in all fairness, it should have included the capitalist ideal of equality "that all men are created equal," which is institutionalized in our Decla-

Communicate with REASON, 2716 Ocean Park Blvd., Suite 1062, Santa Monica, CA 90405. We appreciate receiving your letters, typed double-space and limited to 200 words. Letters sent to REASON will be considered for publication (unless otherwise noted) and may be subject to abridgement or editorial comment.

reason

Editor and Publisher Robert W. Poole, Jr.
Editor-in-Chief Marty Zupan
Art Director Laura Main
Production Manager Nanette Campbell
Assistant Editors Bill Kauffman, Virginia I. Postrel
Book Review Editor Lynn Scarlett
Assistant to the Editors Lucy Braun
Production Assistant Laura Vedera

Circulation Director Marcia Sacharow

Advertising Director Arthur N. Markos

Senior Editors Manuel S. Klausner, Tibor R. Machan

Contributing Editors
Doug Bandow, Bruce Bartlett, Tom Bethell, Samuel L. Blumenfeld, David Brudnoy, Joe Cobb, Timothy Condon, James Dale Davidson, Thomas Hazlett, Michael McMenamin, Alan Reynolds, Jeff Riggenbach, Peter Samuel, Thomas Szasz, William Tucker, Walter Williams

Departments
John Dentinger — **Spotlight**
Mark Edward Crane — **Brickbats**
Randall K. Hylkema — **Rudebarbs**
Warren M. Salomon — **Taxes**
Mark Skousen — **Investments**

Foreign Correspondents
Tahsin Alam — **Bangladesh**
Otto Brons-Petersen — **Denmark**
Julio Cole — **Bolivia**
Fred Dekkers — **Belgium**
Theo. E. Brenner — **Switzerland**
Bruce Evoy — **Canada**
Enrique Ghersi — **Peru**
Ole-Jacob Hoff — **Norway**
Carl G. Holm — **Sweden**
Hubert Jongen — **The Netherlands**
Henri Lepage — **France**
John C. Loulis — **Greece**
Leon M. Louw — **South Africa**
Julio Marquez — **Mexico**
Antonio Martino — **Italy**
Milinda Moragoda — **Sri Lanka**
Toshio Murata — **Japan**
Daniel L. O'Neal — **The Philippines**
M. Perez — **Spain**
Probir Kumar Sarkar — **India**
Eben Wilson — **Great Britian**
Oded Yinon — **Israel**

Editorial and Production Office
2716 Ocean Park Blvd., Suite 1062
Santa Monica CA 90405

Washington Office
403 8th St. N.E., Washington, D.C. 20002

Advertising Sales Offices
2716 Ocean Park Blvd., Suite 1062
Santa Monica CA 90405
(213) 392-0443

New York
Thomas F. Kenney & Associates (212) 683-0570

Reason Foundation
Trustees: Joseph E. Coberly, Burton Gray, Norman Karlin, David H. Keyston, Manuel S. Klausner, David H. Koch, Robert W. Smiley, Jr.
President: Robert W. Poole, Jr.
Chief Financial Officer: P. K. Lowrey
Director of Public Affairs: R. Bryan Mansfield
Director, Local Government Center: Philip E. Fixler, Jr.
Director of Research: Lynn Scarlett
Bookkeeper: Elaine Elka
Office Manager: Lucine Andonian
Staff Assistant: Laurie Biedermann

Before there was an England,
there was **ROMA MATER...**
Before King Arthur,
THE KING OF YS

Announcing one of the
great epic fantasies of this decade:

THE KING OF YS, BOOK I

THE KING OF YS: ROMA MATER

POUL AND KAREN ANDERSON

As with Marion Zimmer Bradley's *The Mists of Avalon* and Mary Stewart's *The Crystal Cave,* works with which all four volumes of THE KING OF YS will inevitably be compared, ROMA MATER transpires in the wild and eldritch time between the Fall of Rome and the rise of our own age.

As did those earlier works, ROMA MATER combines Celtic myth with our distant memories of Roman Britain and adds a magic of its own: Ys, daughter of Carthage on the coast of Brittany ruled by the magic of The Nine and the might of the King, their Husband. How The Nine conspired with their gods to bring him to them, though he belonged to Mithras and to Rome, is only the beginning of the story...

0-671-65602-3 ★ 480 pp. ★ $3.95

BAEN BOOKS

DISTRIBUTED BY SIMON & SCHUSTER
TRADE PUBLISHING GROUP
1230 AVENUE OF THE AMERICAS ★ NEW YORK, N.Y. 10020

FREE !!

"OFFSHORE BANKING Is Not Evil"

Contrary to what the bureaucrats and misinformed news reporters, accountants, bankers and lawyers have told you — there is nothing illegal, unethical or immoral about Offshore Banking.

J.F. (Jim) Straw; internationally known publisher, banker and entrepreneur, is offering his booklet, *"OFFSHORE BANKING IS NOT EVIL,"* — FREE — to explode the myths and bring the TRUTH to the investing public.

You Will Learn:

★ WHAT Offshore Banking really is — and what it is not.

★ HOW to investigate offshore banking (or investment) opportunities.

★ HOW to open a Swiss Bank Account — or a Bank Account in any other country.

★ HOW to Borrow Offshore.

★ WHEN it is necessary to "report" the offshore movement of funds — and — when it isn't.

No gimmicks. No off-the-wall, half-baked "secret" strategies bordering on the illegal. And, it does not promote tax evasion, or even tax avoidance. — Just the facts, so you don't get caught-up in the rhetoric of the misinformed and uninformed people who simply DO NOT KNOW.

Simply mail the coupon below, TODAY, to receive your free copy of this explosive booklet on Offshore Banking.

TO:

OFFSHORE BANKING
301 Plymouth Drive N.E.
Dalton, Georgia 30720

Please send me my FREE copy of *"Offshore Banking Is Not Evil."*

Name _____

Address _____

City/State/Zip _____

letters

ration of Independence and which our affirmative-action programs attempt to make a reality.

I agree wholeheartedly with Hessen that "the socialist ideal of equality must be confronted head-on, not evaded." However, I must point out that this confrontation is meaningless and ineffective without concomitantly confronting, not evading, our capitalist ideal of equality as embodied in the Declaration of Independence. Let's stop fooling ourselves and hit both ideals with what they have strangely never been hit before: the incontrovertible fact that whether voluntary or involuntary, economic equality among unequally productive individuals can be achieved only through the *unjust* system whereby a portion of the higher output of the more productive is taken away from them and given to the less productive. Ironically, by Marxian definition, this system makes the less productive the exploiting appropriators of the labor of the more productive.

D. A. Dominguez
New York, NY

Do Baboons Do It?

If the "logic of the heart" of Greg Todd regarding the draft displeases Hugh McDonald (Letters, Dec.), perhaps some plain old logic might suffice? "Compulsory military service and individual liberty are not contradictory ideas," says McDonald. The word *compulsory* indicates coercion, whereas *liberty* indicates no coercion: and without going through the whole syllogistic process, McDonald's conclusion basically reads: "coercion = no coercion," which in logic is a contradiction.

McDonald's second argument makes a tremendous leap from an observation,

> "History shows that almost all societies have required military service of adult males,"

to the conclusion,

> "This seems to be a natural law,"

backed by the analogy,

> "Even baboons do it."

Let's assume the observation is correct and that "History shows..." was included, not to appeal to authority (the *argumentum ad verecundiam* fallacy in logic), but simply to state what McDonald believes to be so. The argument then is:

> All societies require military service.
> We are a society.
> Therefore we should require military service.

This, known as *argumentum ad populum*,

letters

or the "bandwagon" fallacy, is commonly refuted by parents with the "If everyone jumps off the bridge..." analogy.

Finally, the baboon analogy. Baboons do not send their teenagers halfway around the planet to save the wildebeests from the cheetahs. On the other hand, humans have been known to voluntarily fight when their own individual rights are threatened (witness the American Revolution).

Fortunately, humans also have a capability that can undercut war and undermine nationalistic sentiments of duty and honor: the ability to trade. It's mainly when society (that is, the state) intervenes, that exchange of bullets is substituted for exchange of products.

(Although I don't presume this to give me any authority, it may interest some readers that I am a Vietnam veteran.)

Kent Christiansen
Curtice, OH

All's Fair in the Drug War?

To respond to Bill Kauffman's absurd piece on the military drug raids in Bolivia ("Join the Army, Be a Narc," Editorial, Dec.): My heart really bleeds for these "peasant" coca pickers. This is their just desert for helping to export poison to America. Our lives and our children's lives take priority over the incomes of Bolivians and Jamaicans. Rep. Hartnett's assessment is on target: the drug menace is a bigger real threat to the nation than nuclear or chemical warfare.

What is so bad about protecting ourselves? We are not "furthering our own ends"—we are saving our own skins. Are you blind? You act as if these people are smuggling in popcorn or something.

Liz Michael
Sun Valley, CA

What Bassianus Could Teach the Drug Warriors

Bill Kauffman's editorial dredged up thoughts of Septimius Severus—Roman emperor, 193-211—who advised his sons, Bassianus (a.k.a. Caracalla) and Geta, to "keep the soldiers contented and do not trouble yourselves about the rest. With them [the soldiers] you can repulse the barbarians and repress the people." Jefferson, Madison, Patrick Henry, and a host of their compatriots knew their ancient history, thus their opposition to standing armies in times of peace.

Incidentally, the use of the word *barbarians* in the emperor's instruction is ironic, to say the least. During the expedition into the Caledonia mountains in Britain, Bassianus tried, unsuccessfully, to assassinate his father and later stabbed his brother to death while the latter was in his mother's arms.

Royer G. Warren
Lakeside, MT

Not Eye to Eye with CDI

Much as I would like to believe the theme of "Red Dawn or Red Dusk?" (Trends, Dec.), it is as well to keep the salt-shaker handy when people start to pooh-pooh the "alleged Soviet threat" as it is when they speak of a "tide of red."

I am sure you are aware that the Center for Defense Information, whose study was reported in the Trends item, is felt by many to have, shall we say, a leftward inclination (see, for example, *Time*, Sept. 1, 1986, p. 23). Reports with such an orientation can be expected to minimize, or even deny the existence of, any threat from the Communist bloc. The report you have cited is consistent with this orientation.

Which is not to say that the report is untrue, so far as the facts in it are concerned. But facts are subject to selection as well as interpretation. In this matter, as in all such situations, it pays to consider the source.

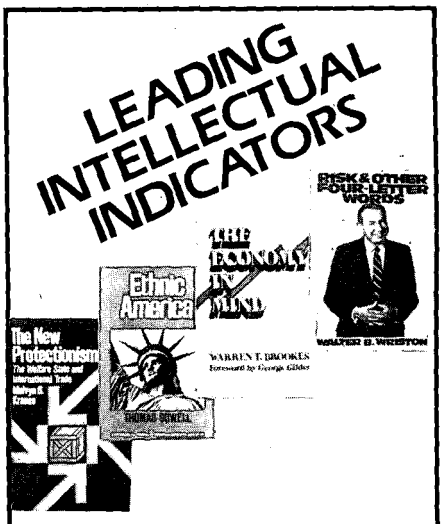
Charles H. Chandler
Malden, MA

Angeleno's Nightmare

I must strenuously object to "L.A. Dreamin' " in the December Upfront section. Ms. Postrel's rash statements about Los Angeles can serve no purpose but to bring more people to this already crowded city. As an outsider and a newcomer, she is only partially excused.

Please, if in the future you find you must write about cities, write about someplace else. The last thing we need is to start people wondering why they are content to live wherever it is they live when they could just as well be living in Southern California.

Greg Raven
Los Angeles, CA



Today's ideas are tomorrow's issues. And you'll learn more about both by becoming a Manhattan Institute Associate.

If you believe that public policy is too important to be left to pollsters and lobbyists, and want to take part in the formation of a new public philosophy, you should join this unique program.

You will be exposed to the myth-shattering work of the leading original thinkers in America today. And you'll participate firsthand in the critical process by which ideas are formulated, tested and ultimately implemented.

Associates will receive the following:

- a free subscription to the Manhattan Report, the Institute's readable and timely journal
- periodic updates and reports on intellectual, social, and political developments
- a 20% discount on books sponsored or offered by the Manhattan Institute (including those pictured above)
- a free copy of Charles Murray's monumental book Losing Ground, in paperback

Membership

I enclose a check for $25 to become an associate of the Manhattan Institute. Please enter my subscription to the Manhattan Report and send my copy of Losing Ground to:

NAME

ADDRESS

CITY STATE ZIP

Manhattan Institute for Policy Research
131 Spring Street, NY, NY 10012
212/219-0773

Feminist Fantasies About Big Brother

Marty Zupan

"In 1979, an estimated 115 companies and hospitals provided clothing for their employees' children. By 1981 the number had jumped to 600. According to The Conference Board, there were, in 1985, 2,500 employers providing some form of clothing assistance....

"While the growth of employer involvement has been dramatic, there are still more than 6 million employers who have not responded....Employers cannot meet the need for children's clothing alone. In fact, no one sector can infuse the dollars into the system that will secure enough high-quality clothing that parents can afford....A stronger federal and state commitment to adequate delivery of clothing for the children of working parents would strengthen the field. Children's clothing is clearly an area ripe for public / private partnership."

It's hard to imagine people really talking this way about kids' shirts and overalls, isn't it? But talk this way they do, dead serious and in increasing quantity, about day care. The above passages are taken almost word for word, substituting "children's clothing" for "day care;" from a fairly typical discussion by Dana Friedman in a recent anthology on the new "in" topic in social-policy circles, family and work. The usual conclusion is that nothing short of government subsidies for day care will solve the grave problems of working parents.

Now don't get me wrong. There are problems. I know from first-hand experience. In fact, I'm a *single* mom, about whom the hand-wringers become especially wrought-up. There's no denying that making satisfactory day-care arrangements can be extremely trying. The younger the child, the more trying—and some 40 percent of mothers with children under one year old are now working.

But almost all the factors that seem to make day care a special case requiring government help are also factors in other purchases that go along with having kids...such as clothing.

- Is clothing necessary? Of course.
- Does it cost a lot? Ask any parent.
- Does shopping for the best deal take a lot of time? You bet.
- Would workers be more productive if they weren't worrying about how or where to buy Johnny his next pair of jeans? Sure.
- Would parents welcome somebody else picking up the tab for part of the expense? It goes without saying.

Of course, compared to clothing, the quality of day care is no doubt far more important to the overall well-being of the child. Granted. But has anything else to which government has turned its hand ever fared *better* than in the marketplace? Consider the closest analogue to day care—schooling. Need we say more?

More affordable? Yes, on the surface. Some people, probably a lot of people, would pay less for day care under a government-subsidized system. But if experience is to be trusted, the aggregate cost would be higher; it would simply be distributed differently. That is, the tax bills of middle-income people would go up.

Ironically, one of the favorite arguments for government assistance is that families' real incomes are declining; while once the poor tended to be old, now more and more are children. What is never mentioned is that *the* major reason for the declining real incomes of working families is the bigger and bigger tax bite out of their paychecks —because of the very program that has ensured senior citizens' relative well-being.

Another argument, cited with great regularity, is that the United States is one of the few industrialized countries that doesn't have a national day-care system. So? Every lemming marches off to sea, too. What is particularly deceptive about this canard is the implication, stated explicitly by many feminists, that European countries such as Sweden and France have instituted day care, legislated maternity leaves, and so on *in response to feminist demands*. In fact, these are simply the natural extension of long-standing socialist policies that have never really caught on in the United States.

Here in the land of the free, we have a different way of solving social problems. And what's so jarring about the current advocacy is that today's very real changes are almost totally ignored. Thus, within two weeks of each other, the left-liberal *Nation* published feminist Katha Pollitt blaming the dearth of husbands for women over 30 on the U.S. failure to provide day care and mandate maternity leaves, and *Business Week* published a report noting that more and more companies are helping with day care, improving maternity and paternity leaves, changing promotion policies to accommodate interrupted careers, experimenting with flextime, and so on—all the things the social-policy advocates want government to legislate.

These changes are admittedly slow. But they are happening, and political "solutions" would likely take just as long. What makes the bogus argument for government provision of children's clothing so absurd is that there is already a well-developed market. Well, what is happening before our very eyes is the early, predictably disjointed development of a day-care market.

Never let it be said, however, that there isn't something government *could* do. Deregulate. Deregulate. Deregulate. A 1985 Cato Institute study detailed the state and local regulations that act as a barrier to enlarging the supply of day care. Although typical health, safety, and quality regulations are well intentioned, they prove to have little effect but do raise the cost of day-care services, drive some underground, and keep others from ever getting off the ground.

With friends like that, who needs enemies? We do better to let day care go the way of Osh-Kosh and Buster Brown.

editorials

Sell? You Bet Your Assets!

Robert W. Poole, Jr.

Massive federal budget deficits are still with us, dragging down the economy. Faced with the unpleasant alternatives of raising taxes or cutting government benefits, both the administration and Congress are looking more favorably on what was once considered a radical alternative: selling off government assets to generate revenue.

Unfortunately, this prospect has been greeted with a spate of news stories characterizing asset sales as "accounting gimmicks." Think-tank experts and administration dissidents are quoted as saying that asset sales are a short-term desperation move that would only make the long-term budget problem worse. Why should the government sell off a loan portfolio at, say 60 cents on the dollar, and give up a future stream of income? Why sell off the naval petroleum reserves and give up future oil sales at potentially higher prices?

At first blush, these appear to be reasonable objections. But they are off-base, for two important reasons. The first reason is that *markets work*.

If you hold a second mortgage and need cash, you can sell the note at a discount from its face value. As you recall from Econ 101, the present value of a stream of future payments is less than the nominal sum of those payments. The extent of the discount reflects, among other things, the probability that the future payments will not be made.

So when the feds put a portfolio of, say, student loans or Third World loans on the auction block, the bids will reflect investors' best estimate of the true present value of the portfolio. And if that is really what it's worth, then it is quite sensible for the government to take that money now and use it to pay off debt. This is not an accounting gimmick—it's the reality of the situation!

The second reason is even more fundamental. It is often argued that the government "ought to be run like a business." If it were, goes this argument, then it would not make sense to sell off income-generating assets such as Conrail or the government's Power Marketing Authorities. After all, the income those entities generate reduces the need for tax revenue.

The problem with this line of argument is what it ignores. As Nobel laureate James Buchanan and his colleagues from the public-choice school of economics have spent several decades demonstrating, government does not and *cannot be expected to* run like a business. Basic management and policy decisions of government-run enterprises are nearly always made for a combination of business and *political* reasons—which is why nearly all government enterprises run at a loss. The rare exceptions, such as Conrail's recent profits, are just that—exceptions. Far from supporting the case for retaining such enterprises in government, these temporary profits make it all the more urgent to unload the enterprise now, before politics again gains the upper hand and leads to a resumption of losses.

Government has no business running railroads—or selling electricity or even delivering mail. These are commercial services that the free market can and does provide. Likewise, government is poorly suited to be acting as a banker, insurer, or landlord, all of which roles the feds are now heavily involved in playing. (See the Grace Commission's report.)

All over the world, governments are selling off assets in order to reduce their indebtedness and stanch the flow of losses (and the resulting drain on the taxpayers). Under Margaret Thatcher, the British government has sold off $10 billion in land and businesses so far and plans another billion over the next two years. The new French government of Jacques Chirac plans asset sales of over $40 billion. And the Japanese government is selling off Nippon Telephone, Japan Tobacco and Salt, Japan National Railways, and its minority stake in Japan Air Lines (over $100 billion). The explicit reason for doing so is to reduce the size and scope of government, reduce government debt, and spare future generations the prospect of having to cover politics-driven losses.

It is the United States, the erstwhile bastion of free markets, that is out of step with the worldwide privatization trend. Far from being an accounting gimmick, selling off assets is an essential element of restoring fiscal soundness and shrinking the federal deficit.

The (Libertarian) Connection

Bigger print now in libertarians' open forum since '68. Subscribe and run 2 pp./issue free unedited. Little jargon, gossip, outreach. Lots of stimulating conversation. 8/year. $16. 4271 Duke, #D-10R, Alexandria VA 22304.

FIRST YOU HAVE TO BE FREE INSIDE

A pragmatic approach to change

The true purpose of Psychotherapy is the achievement of internal freedom. Only you know what you want; my job is to help you attain your goals.

Licensed Psychotherapist
NYC area (212) 864-7369

This Publication is available in Microform.

University Microfilms International

Please send additional information for _____

Name _____

Institution _____

Street _____

City _____

State _____ Zip _____

300 North Zeeb Road, Dept. P.R., Ann Arbor, Mi. 48106

SPEAK SPANISH IN MINUTES

A new and proven way to pick up the essentials of Spanish. You'll always want this sturdy shirt pocket book with you when you travel. You'll be amazed at how much Spanish you can speak in only minutes! You won't be fluent or speak like a diplomat or run a company, but you will move about freely, shop, eat and enjoy new experiences in Spanish. Send your check for $6.75 today to:

15 MINUTE PRESS
Bx 7595, St. Thomas, VI 00801

brickbats

Remember the outhouse! That's the battle cry in Liebenthal, Kansas, where nine stalwart individualists have refused to abandon their privies and hook up to the municipal sewer system. The Kansas Court of Appeals has ruled that the city has a right to force people to tear down their beloved outhouses. But Agatha Schuckman and her friends say never. "I'm not going to get rid of mine," the 71-year-old says. "It's my property. I'm paying taxes on it. That's it." The court says that if the residents refuse to abide by the law, the city can tear down the structures, hook up the homes to the sewer system, and send the residents a bill.

If discipline doesn't work, why not try bribery? That's the solution being proposed by the school board in Glendale, Wisconsin. If vandals would, pretty please, agree to quit breaking windows and painting graffiti at the high school—which cost the district $8,900 last year—some of the savings will be passed on to students. The board will provide student-activity committees with half of the sum *not* spent cleaning up vandalism. And what a wonderful plus: The little vandals will learn the valuable lesson that crime pays.

Darrel's Grease and Go service station in Des Moines, Iowa, just wasn't attracting enough customers. So owner Darrel Lafon hired two women to vacuum and clean cars while topless, and business at the once-struggling garage has, er, busted out all over. He calls the new service "Boob and Lube." The National Organization for Women says the practice is a shameless exploitation of women, and some 50 protesters picketed the station. Undaunted, Lafon thanked them for the publicity.

The latest rage on Capitol Hill is to demand drug testing of nearly everyone who breathes. Each member of Congress wants to prove he's the toughest narc in town. That fervor may die down some, depending on whose urine is being analyzed. It turns out that former members of Congress have been able to obtain prescription drugs from the Capitol physician at taxpayers' expense simply by dropping by his office, writing a note, or picking up the phone to request refills. It's illegal for a physician to prescribe drugs to a patient he hasn't examined. But this sordid little practice went on for 15 years until Rear Adm. William Narva, the current Capitol physician, put a stop to the little-known retirement bonus. Narva says he's gently encouraging former legislators to look elsewhere for primary medical care. Nobody's yet offered to estimate the cost of the drugs dispensed free of charge to one-time members who had long since retired or been defeated.

ONE GROSS OF F-4 OIL PUMPS, MY FINE TERRORIST SCUM. MAY WE BE OF ANY FURTHER ASSISTANCE, YOU COWARDLY, SKULKING, LUNATIC BARBARIAN, SIR...?
ONE AMERICAN HOSTAGE, O GREAT SATAN. A PLEASURE DOING BUSINESS, O FOUL AGENT OF THE GODLESS BLOODSUCKING IMPERIALIST CONSPIRACY...
IRAN
TESKER ALBUQUERQUE JOURNAL

Prostitute Delores French calls it like it is. "The only thing I love about the IRS is they're truly ruthless people," she says. French, who's distributing a pamphlet to inform call girls of their legal rights, says the biggest threat many prostitutes face is IRS agents, not local police or social diseases. "They don't care if you kidnap and sell babies as long as they get their share," she says of the tax collectors. "You can put down prostitution [as your occupation]. You can put kidnapper. They don't care what you do."

The city of Rome, New York, has received more than $150,000 in taxpayers' money to help construct a new museum—the New York State Museum of Cheese. America's first cheese factory was built in Rome in 1851, and folks here take their cheese seriously. "We intend to milk this for all it's worth," says Mayor Carl J. Eilenberg, also known as "the big cheese." But what does one put in a cheese museum? A piece of 16th-century Gorgonzola? Eilenberg says he's getting tired of all the jokes. He sees the museum as the opening wedge in a program to revitalize tourism and industry in the upstate town. "We want to be known for more than being cheesy."

Larry Briggs spent months of work and lots of money to make The Old Drugstore in Sperry, Oklahoma, look authentic as a 1940s-era pharmacy. It has an old-style soda bar and antique Rexall signs. His problem is that he doesn't sell any drugs. So state inspectors say he can't call it a drugstore. "We are not a drugstore and never claimed to be," he says, explaining that the store is more of a museum than anything else. No dice, say the bureaucrats. "It's a matter of misleading the public into believing the business is a drugstore," says a spokeswoman for the state Board of Pharmacy. Gosh! What a compelling case for state intervention.

—Mark Edward Crane

How many of these conservative classics are still missing from your library?

Take one FREE.

Or, if you prefer, take TWO free. Values to $69.95

2730 THE CONSERVATIVE MIND — *Russell Kirk*. New 7th Edition of "the best and clearest exposition of the conservative philosophy."—James J. Kilpatrick. **$19.95**

2550 WITNESS — *Whittaker Chambers*. Eloquent autobiography of the man who spied for Stalin, repented and became America's chief anti-Communist witness. **$17.95**

2201 WEALTH AND POVERTY — *George Gilder*. "So grand in its outlook, so optimistic in its approach that it is breathtaking....a positive defense of capitalism as a moral force ... a book to be treasured."—*Barron's*. **$19.95**

2451 MODERN TIMES: The World from the 20s to the 80s — *Paul Johnson*. For the first time: a detailed, stylish survey of our era — by a conservative. "Truly distinguished."—Robert Nisbet, *NY Times*. "Brilliant, densely textured."—*Wall St. Journal*. "Extraordinary."—*Forbes*. 817 pages. **$29.95**

2713 MARXISM: Philosophy and Economics — *Thomas Sowell*. "Extraordinarily lucid and carefully reasoned ... if one wants to discover through simple and straightforward language the essence of Marx's ideas as well as why they still maintain powerful influence ... this book is a valuable introduction." —*Wall St. Journal*. **$15.95**

2632 THE ESSAYS, ARTICLES & REVIEWS OF EVELYN WAUGH. Rich 687-page collection of 237 sparkling pieces — most never published in U.S. **$40**

2620 SUICIDE OF THE WEST — *James Burnham*. The most profound (and prophetic) insight into the liberal mind ever written. "A book ... for which the world has been aching."—Wm. F. Buckley Jr. **$18.95**

2630 LOSING GROUND — *Charles Murray*. "Has finally and unanswerably demolished both the moral and the practical claims of the welfare state." —George Gilder. "Devastating."—*National Review*. "A great book."—*Wall St. Journal*. **$23.95**

2693 THE GULAG ARCHIPELAGO, 1918-1956 — *Alexander Solzhenitsyn*. The three massive volumes of the original here masterfully abridged by Edward E. Ericson Jr. — with Solzhenitsyn's approval. The heart of the most important anti-Communist book ever written now emerges with even greater impact. Foreword and Afterword by Solzhenitsyn himself. **$25**

2554 UP FROM LIBERALISM — *Wm. F. Buckley Jr. Foreword by John Dos Passos.* Classic anti-liberal polemic reissued. "What he says and how he says it is sure...to drive the liberals to the brink of mayhem...breathtaking."—*Wall St. Journal*. **$16.95**

2583 HOW DEMOCRACIES PERISH — *Jean-Francois Revel*. "Casts a cold eye on the intellectual side of our present danger ... a firebell in the night."—George F. Will. **$17.95**

2612 THE LETTERS OF EVELYN WAUGH. If letterwriting is a dying art, it expires gloriously in these 684 pages. "Dazzling."—*Time*. "Delicious." —*Newsweek*. **$25**

How to claim either one or two of these classics **FREE**

CONSERVATIVE BOOK CLUB 15 Oakland Avenue • Harrison, NY 10528

How the Club Works

Every 4 weeks (13 times a year) you get a free copy of the Club Bulletin which offers you the Featured Selection plus a good choice of Alternates — all of interest to conservatives. ★ If you want the Featured Selection, do nothing; it will come automatically. ★ If you don't want the Featured Selection, or you do want an Alternate, indicate your wishes on the handy card enclosed with your Bulletin and return it by the deadline date. ★ The majority of Club books will be offered at 20-50% discounts, plus a charge for shipping and handling. ★ As soon as you buy and pay for the number of books you agreed to buy at regular Club prices, your membership may be ended at any time, either by you or by the Club. ★ If you ever receive a Featured Selection without having had 10 days to decide if you want it, you may return it at Club expense for full credit. ★ Good service. No computers! ★ The Club will offer regular Superbargains, mostly at 70-90% discounts plus shipping and handling. Superbargains do NOT count toward fulfilling your Club obligation, but do enable you to buy fine books at giveaway prices. ★ Only one membership per household.

Please check the option you prefer

☐ Please accept my membership in the Club and send, free and postpaid, the book whose number I have written in the box below:

[ ]

I agree to buy 3 additional books at regular Club prices over the next 18 months. I also agree to the Club rules spelled out in this coupon.

☐ Please accept my membership in the Club and send, free and postpaid, the two books whose numbers I have written in the boxes below:

[ ] [ ]

I agree to buy 4 additional books at regular Club prices over the next 2 years. I also agree to the Club rules spelled out in this coupon.

R-48

Name _____

Address _____

City _____ State _____ Zip _____

trends

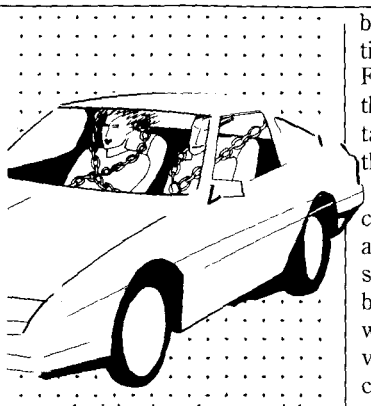
Election Roundup: Voters Show Some Initiative

While the Democrats were recapturing the Senate and many of you were scratching your heads in the voting booth, trying to decide between tweedledum and tweedledumber, voters in a number of states once again had the opportunity to bypass the pols and take government matters into their own hands through the initiative process. The results were mixed but not depressing.

Perhaps the most quixotic, radical initiatives to advance individual liberty were on the ballot in Oregon and Montana. Oregonians had a chance to legalize the private possession and use of marijuana. Depite an energetic and well-funded campaign based on "free choice and the principles of the Constitution," as one supporter put it, the Oregon Marijuana Initiative went down to a 3-to-1 defeat.

In Montana, an intrepid quartet of elderly sisters from the western town of Corvallis scared the daylights out of establishment politicians and sententious editorial writers with their campaign for Constitutional Initiative 27. The measure would have *abolished* all property taxes in the state and subjected all proposed income and sales-tax increases to a statewide vote. Alas, the Montana initiative, which the *Wall Street Journal* labeled perhaps "the nation's most radical tax initiative ever," lost by 56-44 percent. A much more cautious measure freezing property taxes did pass, though.

And in general the news on the tax-revolt front was upbeat. In three states, according to the *Wall Street Journal*, tax issues



were decisive in gubernatorial races. In Texas and Wisconsin, incumbent Democratic governors were ousted by Republicans who promised to hold the line on taxes (Texas, in spite of a budget deficit) or to lower the property tax (Wisconsin). In New Hampshire, Republican Gov. John Sununu charged that his challenger would impose an income tax; his opponent didn't deny the charge, and Sununu carried the day.

Meanwhile, although no tax-cut initiatives passed in 1982 or 1984, in November's elections tax measures frequently carried the day. Fed-up residents of Taxachusetts, who slashed property taxes in 1980, this time repealed a 7 percent income-tax surcharge and adopted a state-spending cap. (Alaskans voted to keep their four-year-old spending limit.) Coloradans rejected a proposal to require voter approval of tax increases at all levels of state and local government, but their confreres in California supported a less-sweeping measure making some local taxes subject to popular vote. For the eighth time in 53 years Oregonians rejected a sales tax; on the other hand, they turned down a property-tax-slashing measure. And in West Virginia, tax raisers failed to win voter approval of a 1 percent increase in the sales tax.

Other individual-liberty issues fared well. In Kansas, voters approved constitutional amendments legalizing the sale of liquor by the drink and permitting betting on horse and dog races. Five new racetracks are now on the drawing board. (Nothin' beats takin' a belt of likker and playin' the greyhounds, eh boys?)

Voters in two states, Massachusetts and Nebraska, revolted against the latest fetish of our social engineers, mandatory seat-belt laws. The Nebraska vote was so close, winning by 561 votes out of more than 500,000 cast, that it was called the other way in early reports. (And who says money buys elections? Nebraskans for Safety, the group advocating the compulsory chaining of adults to their automobiles, spent $134,000 on advertising in a losing effort. Citizens Against Mandatory Seat Belts, by contrast, spent $700.)

Other highs and lows in America's annual exercise in democracy:

- Voters in New Mexico and West Virginia affirmed the right of citizens to keep and bear arms.
- State lotteries, which some claim are a promising method of "voluntary funding" of government, were approved in Montana, Kansas, Florida, Idaho, and South Dakota. North Dakotans said ixnay to any otterylay. (They also wouldn't take Sunday "blue laws" off the books.)
- Vermont voters rejected a state equal rights amendment by a close 52-48 percent.
- Idaho voters elected to retain that state's right-to-work law, which says that union membership may not be required as a condition of employment.
- Oregonians defeated attempts to make their state a "nuclear-free zone" and to shut down a nuclear-power plant.
- Californians rejected a demand by LaRouchies that AIDS victims be quarantined. But they approved a xenophobia-inspired initiative making English the state's official language.

As with life, two steps forward, one step back.

Red Model Driving Away Green Buyers

One of the more interesting political trends of the last decade has been the environmentalist movement's drift from its erstwhile socialist allies. The most dramatic example of this split is found in West Germany's Green Party, which is being riven by conflict between standard-brand socialists and "eco-libertarians," who reject centrally controlled economies and espouse a communitarian individualism, or voluntarism.

American environmentalists, too, are taking a fresh look at socialism's deficiencies. The latest evidence that markets need not be Mother Earth's enemies comes from a report by William U. Chandler, a senior researcher at the Washington, D.C.–based Worldwatch Institute.

"The issue is not socialism versus capitalism," writes Chandler, but rather "how the irreplaceable resources—water, air, soil, and fish and wildlife—can be adequately conserved." He proceeds to compare the records of market economies with those of state-controlled economies and finds the former superior by those measures most important to environmentalists.

First off, agricultural efficiency: Market economies exceed planned economies in both land productivity and labor productivity. The United States, for instance, outperforms the Soviet Union in the latter category by 20 to 1. "Only one-third of the difference...is due to the greater resource endowment of the United States," asserts Chandler, who attributes the preponderance of the U.S. advantage to the incentives of a market pric-

Jefferson | Thomas Paine | Adam Smith | John Stuart Mill | Machiavelli | Marx | Thoreau

Great Ideas That Shaped Our World

Make Your Driving Time More Rewarding

Introducing a breakthrough approach to knowledge: timeless ideas brought to life in sound.

The wisdom of the past can help us better understand the present and anticipate the future. But how many of us have the time to read and study the ideas of great authors like Jefferson, Adam Smith, Machiavelli, Mill, and others? For those who don't, these classic thoughts are now on audio tape.

If you spend just 30 minutes a day in your car, you can gain a better understanding of the issues and events that great thinkers faced . . . and that we face today.

The Audio Classics are dramatized condensations of the original works. Each tape is exciting and enjoyable because of our unique presentation techniques. They will stimulate your mind, broaden your horizons and enrich your life.

KNOWLEDGE PRODUCTS
120 Tremont Street, Boston, MA. 02108

The Audio Classics Library

There are 12 monthly selections of two cassettes each:

1. COMMON SENSE
   DECLARATION OF INDEPENDENCE
2. CIVIL DISOBEDIENCE
   THE LIBERATOR
3. WEALTH OF NATIONS (Part 1)*
4. WEALTH OF NATIONS (Part 2)*
5. ON LIBERTY
   VINDICATION OF THE RIGHTS OF WOMAN
6. THE PRINCE
   DISCOURSE ON VOLUNTARY SERVITUDE
7. COMMUNIST MANIFESTO
   SOCIAL CONTRACT
8. REFLECTIONS ON THE REVOLUTION IN FRANCE
   RIGHTS OF MAN
9. THE FEDERALIST PAPERS*
10. LEVIATHAN*
11. TWO TREATISES OF GOVERNMENT*
12. DEMOCRACY IN AMERICA*

**One title in a two-tape album.*

15-day trial offer– no obligation– satisfaction guaranteed

Just clip the coupon and we'll rush you our first two cassettes.

We will charge your credit card $14.95 plus $2.00 shipping and handling on a convenient monthly basis. Or, save $24.00 in shipping and handling charges with an advance payment of $179.00 (check, money order or credit card).

If you're dissatisfied, return the tapes within 15 days and we'll credit your account or refund your money. The same 15-day free trial applies for each selection, and you may cancel your subscription at any time without penalty.

Bravo! Invaluable! Increased my knowledge. Reshaped my thinking. Keeps me mentally fit! Use the ideas all the time. These are just a few samples of the rave reviews from Audio Classics subscribers. Shouldn't you join them?

KNOWLEDGE PRODUCTS, 120 Tremont Street, Boston, MA. 02108

☐ YES! Send me the first two tapes, COMMON SENSE and DECLARATION OF INDEPENDENCE, and begin my no-risk subscription to the Audio Classics. I will receive the remaining 22 tapes in albums of two each month.

☐ Charge my credit card $179.00 (A SAVINGS OF $24.00)

☐ Charge my credit card $14.95 plus $2.00 shipping and handling on a convenient monthly basis.

☐ Mastercard ☐ Visa ☐ American Express

Account No. _____ Expires_____

Signature _____

☐ My check or money order for $179.00 is enclosed. (A SAVINGS OF $24.00!)

Name _____

Address_____

City, State, Zip _____

Phone _____

150

ing system. Productivity would be even higher, asserts Chandler, were it not for government interference. "In the West, resource efficiency...is frequently undermined by heavy farm production subsidies, both with trade barriers and direct budgetary expenditures."

The most efficient farm economy in the communist world is in Hungary, which has introduced decentralized market mechanisms into its agricultural sector. And China, which is lurching from its Maoist past down a market path, has increased output and efficiency such that rural incomes have grown as much over the last 8 years as they had the previous 30.

Chandler finds that the West is also far more energy-efficient. (Energy, the report notes, "not only reduces drudgery and makes inhospitable climates habitable, it substitutes for scarce resources.") Of the 16 nations surveyed, the eight market-oriented economies made the top 8 in energy efficiency. Instructively, Hungary, so efficient in its agricultural

global trends

Falling Rocks Conk Statist Heads

LUGANO—Avalanches are common in Switzerland, and they are feared for the destruction they wreak on anyone unfortunate enough to lie in their often-unpredictable paths. Last fall, the Swiss people triggered three avalanches of a different kind, each largely unpredicted but, unlike their natural counterparts, wholly beneficial.

In a nationwide vote that the press promptly called a "massive front of refusal," the Swiss cheerfully buried under avalanches of *Neins, nons*, and *nos* a federal decree issued by the government and two public initiatives.

In the first instance, Swiss voters rejected a federal decree intended to expand, through subsidization, the production of indigenous sugar. The government's proposal was in line with a 30-year policy of protecting agriculture (and raising prices for consumers), because farmers are considered essential to the defense of the country in case of war.

This long-standing policy has made Switzerland's agricultural goods among the most expensive in the world. Awash in milk, to cite the most-egregious example of Swiss protectionism, the government subsidizes dairy products at considerable expense. The same holds true for meat and would have applied to the production of sugar from beets, as well, had a two-thirds majority of voters not rejected this call for further subsidy. The vote represents a clear break with past policy and is all the more important because no one had given serious consideration to the possibility of so overwhelming a rejection.

The other two rejections were no less indicative of the Swiss belief that enough is enough as far as the powers of the federal government is concerned. A proposal by the Socialist Workers' Party to have the government set up new centers for apprenticeships, job retraining, and continuing education was roundly trounced by more than 70 percent of the voters.

"Pragmatism Prevailed" was the telling headline in the Italian-speaking minority's largest-circulation newspaper. The paper pointed out that not a single canton (state) of the confederation had accepted this proposal, which would have interfered with the current, highly decentralized and efficient practice of adjusting apprenticeships and job-training schemes according to local conditions.

A still firmer pronouncement against more government intervention greeted a proposal that taxpayers sponsor cultural programs at a funding level equal to at least 1 percent of government's annual expenditures. No less than 76 percent of the voters cast nays on this proposal, which would have flagrantly abrogated cantonal powers and obliterated the linguistic, cultural, and ethnic diversity that defines Switzerland.

The three avalanches of nays unleashed by the Swiss against the most recent attempts to transfer further powers to the federal government leave the field open for constructive regional solutions. The votes signal a refreshing return to common sense and a reaffirmation of federalist principles.

—Theo. E. Brenner

One Down, 188 to Go

JERUSALEM—Few countries as developed and democratic as Israel are structured such that their economic lives are as dependent on government action and direction. So it is quite refreshing these days to report that semisocialist Israel is going through a privatization phase. Certainly it is nowhere near as sweeping as that of the United Kingdom, but at least it is a beginning.

There are 189 government-controlled corporations in Israel. The state has offered two for sale to private interests: Paz, the country's largest oil company; and Haifa Chemicals. Paz remains on the market but Haifa, despite bureaucratic hassles, was recently sold for $60 million to a group of American investors led by former Israeli Arie Ganger. One down, 188 to go.

Much more progress has been made in what was a totally controlled state sector, television. State-owned radio and television have been threatened recently by a flood of private cable-television stations. The Knesset has passed a law legalizing these stations, of which there are now nearly 700. The cable stations transmit videos and movies of all kinds for a standard fee of only $10 a month. Quite a bargain for the viewer, and much better programming than state-owned TV offers. Better competition is offered by Jordan's two channels and Christian Broadcasting Network's METV.

The Israeli government has discussed creating a second national channel and has invited private TV firms to participate with the state in such an endeavor. For now, only the U.K.'s Anglia Corporation has shown interest; Israeli firms know only too well what partnership with the government entails!

—Oded Yinon

Global Roundup

■ *Might couldn't make right* Taiwan's government has announced that it will lift martial law for the first time in 37 years and replace it with less restrictive security measures. The *Los Angeles Times* has reported that sources within the ruling Nationalist Party say the military will lose its authority to ban or seize publications that print material it deems harmful to the country. The new rules will also abolish military trials of civilians accused of sedition or security violations and will permit the formation of new political parties.

sector, is dead last in energy efficiency. Not coincidentally, its industrial sector is heavily planned.

Nations that depend on markets rather than managers have also coped better with the pollution threat. Chandler attributes part of the progress to Western regulatory mechanisms, but he acknowledges the role of prices in discouraging waste: "Markets...offer a self-administering check on resource waste: The resource user pays for inefficiency. Nonmarket systems lack this internal correction."

Chandler also notes that citizens of market-oriented nations enjoy higher life expectancies and lower infant-mortality rates than their brothers and sisters operating within controlled economies. And contrary to myth, income differences between rich and poor are no wider in the West than in the people's republics of the Soviet bloc.

"The century-long trend toward greater government control [of the economy] has ended," concludes Chandler, who refers favorably to deregulatory advances around the globe. Contrary to past environmentalist hostility to the market, he thinks this news ought to cheer friends of the environment, for "greater productive efficiency in market nations has reduced environmental pressures while inefficiency in centrally planned countries has increased them."

It's what some of us have been arguing for a long time.

Competition: A Boon in the Boondocks, Too

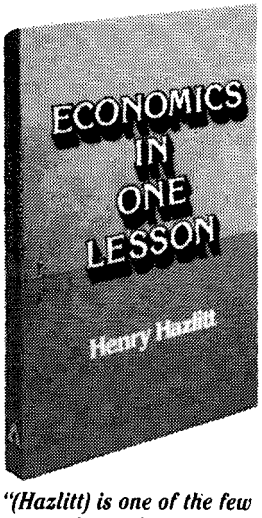
If you live in Viola, Wisconsin, or French Lick, Indiana, chances are pretty good that MCI hasn't been begging you to try its long-distance service. In fact, if all the naysayers about telephone deregulation are to be believed, you're lucky you even *have* long-distance service.

When skeptics predicted that deregulation and divestiture would leave rural phone customers with lousy and expensive service, they didn't count on the profit motive. It is driving non-Bell phone companies to find ways to give rural customers access to the same long-distance companies as their city cousins.

Take Indiana Switch, a joint venture of U.S. Switch, of Longwood, Florida, and 27 independent Indiana phone companies. Over AT&T's objections, it has gotten regulatory approval to start offering customers a choice as soon as it can get its network up and running—as early as this summer, a spokesman told REASON. The network will route calls from rural areas into so-called secondary cities such as South Bend and then through a central hub in Indianapolis. Indiana Switch will sell intrastate long-distance service over its own network; calls going out of state will meet up with national networks like MCI's through Indianapolis.

U.S. Switch, founded two-and-a-half years ago with this business plan in mind, has formed a similar joint venture with 22 Illinois independents and is "very close" in North Carolina, the spokesman told REASON; such ventures look feasible in at least a dozen more states.

Independent phone companies in Wisconsin have formed their own group to provide rural customers with a choice of long-distance companies. The *Wall Street Journal* reports that Wisconsin Independent Telecommunications System Inc., or WITS, wants to build a fiber-optic network to carry calls to four cen-



"(Hazlitt) is one of the few economists in history who could really write."
—H.L. MENCKEN

Order # HH0014
ONLY $6.95
FROM
LAISSEZ FAIRE BOOKS
Plus $1.00 postage and handling, or $2.00 UPS ($2.00 for foreign orders). N.Y. State residents add appropriate sales tax.

"Its insights have guided my own thinking and I am proud to count myself as one of your students." —RONALD REAGAN

ECONOMICS IN ONE LESSON

"If there were a Nobel Prize for clear economic thinking, Mr. Hazlitt's book would be a worthy recipient... like a surgeon's scalpel, it cuts through... much of the nonsense that has been written in recent years about our economic ailments."
—John W. Hanes, Former Undersecretary of the Treasury

This book has been the springboard from which millions have come to understand the basic truths about economics—and the economic fallacies responsible for inflation, unemployment, high taxes, and recession. Henry Hazlitt is the dean of American free market economists, and his clear, concise style illuminates ideas that all generations should know and appreciate.

Now you can purchase this quality paperback edition for only $6.95. Add it to your reference shelf—you'll look through it often—or make it a special gift for a friend or a student.

★ ORDER TOLL-FREE ★ 1-800-238-2200 EXT 500 ★

Continental U.S. • 24 hours a day • 7 days a week

or USE THE POSTAGE-PAID RESPONSE CARD IN THIS MAGAZINE

MONEY BACK GUARANTEE: *If for any reason you are dissatisfied with any book, just return it within 30 days for a refund.*

Available from: LAISSEZ FAIRE BOOKS Dept. RBB, 532 Broadway, New York, NY 10012

tral switches, where the calls would be transferred to national long-distance carriers. Unlike U.S. Switch, however, WITS isn't proposing to sell intrastate long-distance services.

Long-distance companies would pay both WITS and U.S. Switch's ventures for access to customers. Isn't it amazing how the prospect of profit encourages creativity?

The King of C-Span Attacks a Sacred Cow

Are we dreaming? A politician—and one who absolutely oozes ambition—has come out in public and said we should abolish Social Security.

The times they are achangin'. And Congressman Newt Gingrich (R-Ga.), the guy who brought us the "Conservative Opportunity Society" and made headlines with his grandstanding on C-Span, is making a play for baby-boomer votes by pushing a plan to reform Social Security more or less out of existence.

He wants to abolish the Social Security tax on employees, effective January 1, 1989. His proposal, which he says he'll introduce as a bill in this session of Congress, would also require employers to pay workers the 7 percent of wages and salaries that they now pay the government in Social Security taxes, thereby giving everybody a one-time raise. (The portion that workers now pay directly is also 7 percent.)

People over 40 would simply have their take-home pay increased by the 14 percent of their income that now disappears down the Social Security drain. And these workers could collect full Social Security benefits on retirement.

Newt Gingrich: *Will the baby boomers get behind him on Social Security?*

Workers under 40, however, wouldn't be eligible for benefits. Instead, they would be required to pay 10 percent of their salary into the individual retirement accounts of their choice, thereby relying on private investments instead of government promises to provide for retirement.

Don't run out and contribute to the Gingrich for President fund just yet, however. The plan has quite a few catches. Most notably, it proposes a national sales tax to fund Social Security benefits for current recipients and those promised full benefits under the plan and for future retirees who would otherwise fall below the poverty line. One would expect this tax to decline as today's over-40 group exits this world.

Attorney Peter J. Ferrara (see Spotlight, Dec. 1986), author of his own plan to privatize Social Security, warns, however, that such a tax "tends to be insidious and hidden. Once you put it in, it may be very difficult to phase it out. If there is a weakness in the proposal, that's the weakness." Also, the fashionably jingoistic Gingrich wants to apply the sales tax to imports and rebate it on exports, thereby distorting trade in favor of U.S. goods.

Paul S. Hewitt, president

DON'T INVEST IN THE DARK IN 1987

Make 1987 your most profitable investment year ever with *Profit '87: The Annual Investment Guide.* It's a magazine style yearbook combining the best features of a timely, bi-weekly newsletter with those of a comprehensive and thoughtful investment guide. *Profit '87* is brought to you by the publishers of PERSONAL FINANCE - America's most popular investment advisory. Packed with useful charts and figures, it's something you will hold on to and use all year long.

Profit '87 brings you the analytical advice of a wide-ranging group of experts, each nationally known in his field, who will let you know:

- the key economic indicators to follow in 1987 for investment success
- "gimmicky" funds to steer clear of
- the story behind those tricky 12b-1 funds
- the three "musts" to follow for profiting in rare coins
- foreign stocks poised to take off in 1987
- a new fund that prices itself hourly--you can buy in the morning and sell in the afternoon!
- where gold, silver and platinum are heading in 1987
- where you can still find a tax break: real estate syndications under the new tax law
- actual photos of coins in various mint states--so you'll know enough to avoid getting ripped off
- the secrets of contrarian commodity trading

And there's still more good news about *Profit '87* . That's the price --it's only $4.40. And worth lots more.

So act now, while the experts are putting the finishing touches on their articles, and the advice is hot off the press. There's no reason to enter the new year feeling like you're investing in the dark.

To get your copy rushed to you, simply call toll-free 800-336-5407 (in Virginia, call collect 703 548-2400). Or mail your check for $4.40 to KCI Communications, Dept. 85-0185. P.O. Box 1467, Alexandria, VA 22313. Major credit cards accepted (when writing, please include name of card, number, expiration date and signature). 100% money-back guarantee.

Under New Tax Law, Forming Your Own "S" Corporation Gives You America's Ultimate Tax Shelter

"About 50,000 people are incorporating themselves each month and getting tax benefits others only dream about... and it's remarkably easy to do." by Ted Nicholas

Here's how to best cope with the chaos felt by many executives and small business owners over tax reform.

In fact, with the stroke of a pen and a little ingenuity you can really profit. You can now enjoy the lowest individual tax rates in over 30 years. And at the same time, you can gain all the advantages of incorporating yourself without paying any corporate income taxes whatsoever! **Enjoy the best of both worlds.**

You will be in control of the most powerful tax shelter in America, your own corporation. Virtually all other tax shelters have been eliminated by the recent tax reform.

Imagine owning two family cars *tax free.* Imagine turning your hobby into a *tax free* business expense. And would you enjoy first class business trips . . . boat or plane . . . or meals at fine restaurants which are 80% tax free?

These are just some of the remarkable tax advantages and fringe benefits which can be yours. Congress has filled the tax laws with provisions which richly reward those who form small corporations. Over 50,000 people start corporations each month. 98% are small businesses, often one man operations.

It's incredibly easy to do. There are just two simple one page forms. One incorporates you and the other gives you "S" Corporation status. I'll show you how to complete and mail them to the proper agency.

My name is Ted Nicholas. Fourteen years ago after launching 18 corporations myself, I wrote a book called "How to Form Your Own Corporation Without a Lawyer for Under $50." It's become one of the best selling business books of all time, helping more than 825,000 to incorporate easily at minimum expense.

Now I've completely revised and updated the book to show the latest tax advantages and demonstrate how easily you can form your own corporation and partake in the enormous tax benefits.

All you need is right in this handsome oversized, 8½ x 11" book along with a bonus I'll send you *absolutely free.*

My book contains tear out forms. Just fill them in according to my simple step by step instructions and send them in. Right off, you'll save from $300 to $2,000 in legal fees, and in a few days, you'll have your own legally recognized corporation. And you can begin to take advantage of a host of benefits like these . . .

Avoid Corporation Tax Completely. By forming an "S" corporation at the corporate level you pay no Federal Income Tax whatsoever. You completely skip a level of taxation. And avoid double taxation. Also avoid State Tax. (In most states "S" corporations are recognized tax-wise.) The only tax you pay is at a personal level. The new top individual tax rate is only 28% except for a 33% limit on some incomes. This is still lower than the corporate rate.

Corporate Pension and Profit-Sharing Plans offer tax free compounding. Unlike IRA or Keogh plans, you can borrow your funds whenever you want.

Tax-Free Medical and Dental Plan. By filing another, one-page form included in the book, as long as your employees are included and certain guidelines are followed, you can legally write off 100% of your family's medical, dental and pharmaceutical expenses, even vitamins and psychiatrist's visits.

Tax-Favored Dividends. Your corporation can own shares in other corporations and receive dividends that are 80% tax-free.

Limited Liability. In a partnership or proprietorship, your personal liability is unlimited – quite dangerous in an age when people routinely sue for astronomical sums. You're also personally liable for the blunders of a partner. With a corporation, your risk is strictly limited to whatever you leave in the corporation. That can be zero. Your home, furniture, pension plan, car, and savings are never at risk. And there are many other advantages my book can make possible for you, including tax-free financial and legal counsel . . . tax-free athletic and health club memberships . . . tax-free day care . . . no-interest loans . . . tax-free tuition reimbursement for you or your children . . . tax-free theater and sports tickets . . . write-offs for an office in your home . . . easier transfer of your company's ownership when you sell . . . estate planning advantages and much more.

My book also reviews the pros and cons of different types of corporations, including Subchapter S, non-profit and professional . . . How to operate a corporation anonymously . . . How to turn an existing business into a corporation.

You'll also see how to sell stock in your corporation so that it's tax deductible to investors in case of loss. This makes your stock much more attractive to potential backers.

Plus, you'll get a complete set of tear-out forms, including a Certificate of Incorporation. Minutes, By-Laws . . . everything you need.

If you've dreamed of having your own business, but don't know where to start . . . if you have an idea for a sideline, mail order or weekend venture . . . if you're a professional, consultant, free-lancer, partner or small business proprietor . . . if you want to start several companies without getting soaked with legal fees . . . or if you're simply fed up with oppressive taxes even with new lower rates and want a safe, legal way to slash them this is the book you have been waiting for.

Free Bonus

As a bonus for ordering now, I'll send you, absolutely free, a copy of an exclusive report called *"How an "S" Corporation Can Save You Tax"* (normally $14.95). It shows you how to completely avoid corporate tax.

This report written by Joseph R. Oliver, CPA, describes how to avoid double taxation . . . keep dividend interest and rental income free of tax . . . avoid accumulated earnings tax . . . and get the benefit of full personal tax deductions for any losses you might incur.

Money Back Guarantee

Finally, let me say that I personally guarantee your purchase in the fairest way I know. If you feel my book is not all I've described, return it undamaged within one month and I'll promptly refund your money with no questions asked. In any case, keep the bonus report, a $14.95 value, free of charge for your trouble.

How to Order

For ease of ordering call toll free at:
1-800-533-2665
or complete the coupon below.

Please rush me a copy of *"How to Form Your Own Corporation Without a Lawyer for Under $50,"* by Ted Nicholas, at $19.95 complete. I have up to 30 days to look it over. If, for any reason, I don't feel it's for me, I can return it for a full, prompt refund. In any case, the bonus *"How an "S" Corporation Can Save You Tax,"* will be mine to keep free.

☐ Enclosed is my check payable to Enterprise Publishing, Inc.

Please charge my ☐ American Express ☐ Master Charge ☐ Visa ☐ Diners Club/Carte Blanche

Card No. _____ Exp. Date _____

Signature (Charges Only) _____

Name _____

Address _____

City _____ State _____ Zip _____

Day-time phone (in case we have a question about your order) _____

Mail to: Enterprise Publishing, Inc.
725 Market Street, Dept. **RE-72C**
Wilmington, DE 19801

© Enterprise Publishing, Inc. MCMLXXXVI

If coupon is missing, send check for $19.95 payable to E.P.I., 725 Market St., Wilmington, DE 19801

C-1212

of Americans for Generational Equity (AGE), notes that the new proposal tends to "take it out on younger people." Gingrich, Hewitt told REASON, "doesn't want to cut back on the consumption of anybody who is currently a senior citizen. He, in fact, would increase benefits for many senior citizens" by guaranteeing every retiree an income above the poverty level.

"It is essentially doubling the cost for the younger generation," Hewitt says. "They will pay the lion's share of the cost of today's generation of retirees while funding their own retirement. It is designed to spare even the richest senior citizens from any kind of sacrifice."

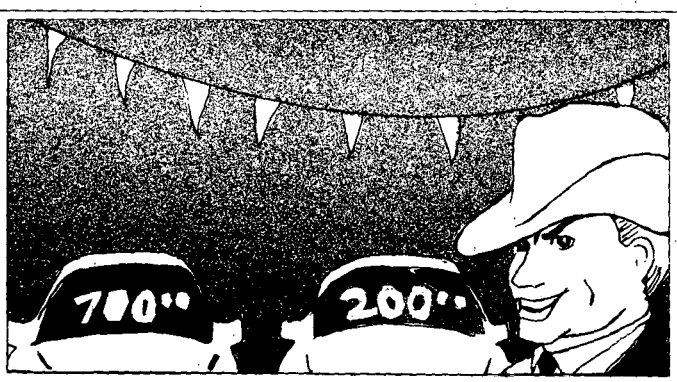
Despite the plan's flaws, Ferrara told REASON, "the fact that a frontline politician such as Gingrich is going to introduce this in Congress with cosponsors means the whole issue gets a lot more consideration." And *that* is definitely better than the current nightmare (see "Wipe Out!" REASON, Dec. 1986).

Car Buyers Are Getting Taken for a $3-billion Ride

To car buyers unlucky enough to live in a state that restricts the opening of new car dealerships: did you know you're paying over *$3 billion per year* for the privilege of being regulated?

This startling fact is revealed in a recent report by the Federal Trade Commission's Bureau of Economics. The report details the effects of what are known as Retail Market Area (RMA) laws—laws that limit the establishment of new automobile dealerships in locations where dealers currently sell cars of the same make.

Under RMA laws, if a car manufacturer wants to open a new dealership, dealers in the vicinity can protest the potential competition by notifying a given state authority (the particular authority varies from state to state). When a protest has been made, the manufacturer must justify the proposed dealership on grounds of "public interest." The state authority (which in some states consists of special boards partially composed of car dealers) then decides the fate of the manufacturer—and consumers.



RMA laws may be swell for established car dealers who don't want any new kids on their block. But, as with other "market-entry restrictions," they're not so great for consumers. According to the report, which is based on a study of 1978 sales of Chevrolets in 13 states, RMA laws hurt car buyers in at least two ways: those who buy cars pay more for them, and others are priced out of the market altogether. These effects are especially strong in areas with growing populations.

For example, in places studied where the population had increased since passage of the law, buyers paid anywhere from 3.7 percent more for a Sportvan to 16.8 percent more for a Corvette in 1978 than they would have without the law. Not surprisingly, Chevrolet sales fell by nearly 5 percent that year.

What is the total cost of these regulations to automobile consumers? The FTC researchers extrapolated their findings to all car makes and to all 36 states that had RMA laws in 1983 and estimated that consumers spend about $3.2 billion per year (in 1985 dollars) for current RMA laws.

Maybe the report will help put RMA laws on the road to repeal.

Earning to Breathe Free

John Palmisano makes money out of thin air.

As a regulator at the Environmental Protection Agency in both the Carter and Reagan administrations, he tried to promote market-oriented ways of cleaning up the environment. Now his company, AER*X, is helping to develop the growing market in "emission reduction credits," or ERCs.

An ERC is created when a manufacturer in an area that doesn't meet federal air-quality standards—Los Angeles, for example, or Northern Jersey—does something to reduce its output of air pollution. The company may, for instance, shut down a plant or install pollution-control equipment that is better than what is required by law.

The market enters the picture when another company wants to build or expand a plant that will pour new pollution into the skies of a "dirty air" locale. Before this company can get a construction permit, it has to either reduce its own pollution at another factory or buy an ERC from another manufacturer. Rather than just forcing all companies to abide by the same pollution standards, as most regulations do, the ERC market rewards companies for reducing pollution while requiring plants that add to local pollution to bear the cost.

"If you're going to be emitting 100 new tons of pollution into the air, you have to get *at least* 100 tons from someone else," Palmisano told REASON. AER*X, founded in 1984, helps clients find and buy credits; it also keeps track of what prices ERCs are going for in different parts of the country and maintains a database of people who trade the credits.

For example, when Sundance Spas, a maker of fiberglass hot tubs in Chino, California, wants to expand production, it hires AER*X to locate the ERCs it needs. Last year it bought credits allowing it to emit an extra 204 pounds of pollution a day. The price: a steep $40,000. "I spend a lot of time shopping for ERCs," Sundance's president Ron Clark told *Science 86*. "For us, they are a matter of life and death."

For his part, Palmisano hopes the success of a market in pollution credits, which he says "have saved companies hundreds of millions of dollars," will encourage regulators to apply market techniques to controlling other forms of pollution. "Reasonable men who disagree can get together and work out a system that will save billions of dollars and still reduce pollution," he says. And that will let us all breathe a little freer.

Milestones

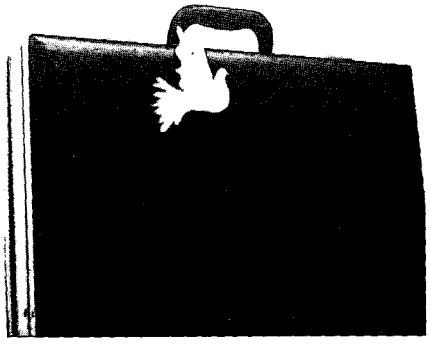
■ *Water pricing downpour.* The World Resources Institute is calling for raising urban water rates, allowing farmers to sell water they don't use, and encouraging states' trading of water. The market-oriented suggestions closely follow a policy proposal recently adopted by the Western Governors Association (see Trends, Oct.).

■ *Freedom frontier.* Congress has approved a bill extending privacy protection to our era's new forms of communication—electronic mail and cellular telephones. The legislation updates the landmark wiretapping law of 1968.

—Robert W. Poole, Jr., Lucy Braun, Bill Kauffman, and Virginia I. Postrel

Can the probusiness, antiwar voices of the '80s rally a new patriotic peace movement?

The New Antiwar Capitalists



WHAT IMAGE COMES to mind when you hear the phrase "peace movement"? Bearded, intense young college profs extolling the accomplishments of the Cuban literacy campaign? Adorable little Samantha Smith (RIP) chatting amiably with pig-tailed Russian teens in the Kremlin? A line of wealthy white matrons, arms locked, bleating an off-key "We Shall Overcome"?

Unless you're older than anyone in his right mind would care to admit, it's unlikely that the term evokes midwestern industrialists and retired military officers, publishing giants and Texas oilmen, or minerals executives and Great Plains farmers. Yet these are the kinds of people who once dominated movements to keep the U.S. government

by Bill Kauffman

out of foreign wars, an inconvenient fact that has been consigned to the memory hole by left and right alike.

Indeed, the sad irony of American politics is that custodianship of one of our long-standing and wisest principles—that the United States should enjoy "peace, commerce, and honest friendship with all nations, entangling alliances with none," in Jefferson's words—has been hijacked by Sandinista sympathizers and the granola left. The fanciful sketches of peace activists above are not caricatures, as anyone who has attended a U.S. Out of Nicaragua rally can attest.

But if today's organized peace movement is dominated by woolly-headed leftists, for whom nonintervention is just one tile in a grand mosaic of socialism, ecologism, holistic feminism, etc., the vast majority of ordinary Americans retain a patriotic, Jeffersonian view of foreign entanglements. Despite the best efforts of an immensely popular president to demonize the admittedly repressive Nicaraguan government, a CBS News/*New York Times* poll last April indicated public opposition to the Reagan administration's *contra* aid request running at a 62-25 percent margin. The Roper Organization's 1985 survey of foreign-policy opinion revealed that huge majorities would oppose sending troops to thwart an invasion of South Korea (61-23 percent), Honduras (59-21 percent), Israel (53-31 percent), or Thailand (67-16 percent). Even our NATO obligations enjoy desultory support: a full 35 percent of Americans would object to getting involved if the Soviet Union were to attack Western Europe.

The open but unspoken secret in the debate over U.S. foreign policy is that the American people are today and always have been, in the best sense of the word, isolationist. They do not wish their government to muck around in the affairs of other nations. Thomas Wolfe, relating a provincial discussion of World War I in *Look Homeward, Angel*, captured the national spirit with customary verisimilitude: " 'It's not our fight,' said Mr. Bob Webster. 'I don't want to send my boys three thousand miles across the sea to get shot for those foreigners. If they come over here, I'll shoulder a gun with the best of them, but until they do they can fight it out among themselves.' "

Oddly, these mainstream noninterventionist sentiments go unvoiced in national political discourse. In Congress, support for an unbelligerent foreign policy comes almost entirely from liberals who would spend us into bankruptcy at home. Democratic mavericks William Proxmire (Wis.) and Ed Zorinsky (Neb.) are the only senators opposed to *contra* aid who rate consistently well on the annual antispending scorecards issued by the the frugal National Taxpayers Union. Clearly, leadership of this land's enormous but often-mute anti-intervention community is not about to come from the politicians.

IF HISTORY IS A reliable guide, the obvious candidates to lead a nonleftist peace movement are businessmen, primarily those who run small and medium-sized concerns. Many of their ancestors, desirous of a free economy and limited government and fearful that global crusades might endanger domestic liberties, took up the anti-intervention causes of their day.

The anti-interventionist tendency has always been strongest among small businessmen. Political scientist John Bunzel, in his classic study of the business mind, explains: "What particularly angers the small businessman about all of America's commitments around the world is that he can see no profitable ending for any of them." Rather than toss money down foreign ratholes, the American merchant believes that "America should devote her energies to strengthening her own free-enterprise economy at home and preserving the economic rights and liberties of Americans."

Big businesses, in contrast, have often been supportive of interventionist economic and foreign policies. Business-inspired intervention abroad has usually been designed either to open export markets or to install complaisant Third World governments. Marine Corps Commander Smedley Butler once bemoaned big business's baneful influence on foreign policy:

"I spent 33 years and four months in active service in the country's most agile military force, the Marines....And during that period I spent most of my time being a high-class muscle man for Big Business, for Wall Street and the bankers. Thus I helped make Mexico, and especially Tampico, safe for American oil interests in 1914. I helped make Haiti and Cuba a decent place for the National City Bank boys to collect revenue in. I helped in the raping of half-a-dozen Central American republics for the benefit of Wall Street. The record of racketeering is long. I helped purify Nicaragua for the international banking house of Brown Brothers and Co. in 1909-12. I brought light to the Dominican Republic for the sugar interests in 1916. I helped make Honduras 'right' for American fruit companies in 1903. In China in 1927 I helped to see to it that Standard Oil went its way unmolested."

Small and medium-sized businesses have a far more honorable record. Former Republican Congressman Ron Paul, who until he left the House in 1984 compiled its most consistent anti-interventionist record, maintains: "Smaller businessmen are much better on foreign policy....They don't have big contracts from the government, they don't have military contracts, they're not into the military-industrial complex."

And it is from the ranks of such business people that the core of a genuine, effective peace movement, based on traditional American values like liberty, trade, and limited government, could be drawn. In the current political climate, this may sound like a pipe dream. But it happened once; the raw materials are still there, and there are hints, just hints, that it can happen again.

WHEN THE U.S. government rushed headlong into the nasty, brutish, and short Spanish-American War of 1898, and the resulting suppression of the Philippine independence movement, the most significant ci-

Ike's suspicion of the defense establishment makes him a hero to today's antiwar businessmen and a forgotten figure in the Republican Party.

vilian opposition came from the forthrightly named Anti-Imperialist League. The League was not composed of the socialist professors or Third World fetishists the name suggests to us today; its membership, writes historian Robert Beisner, "subscribed to the principles of laissez-faire economics laid down by Adam Smith in the eighteenth century."

This should come as no surprise; the classical liberals of the 18th and 19th centuries generally recognized that war and preparation for war require considerable government management of the economy, with resulting high taxes, inflation, and deficits, as well as clampdowns on the rights of dissenters. In Randolph Bourne's aphorism, "War is the health of the state."

The Anti-Imperialist League's biggest bankroller was steel magnate Andrew Carnegie; its leading spokesman was insur-

BETTMANN ARCHIVES

ance executive and inventor Edward Atkinson, a devout free-trader. Both men feared the deleterious effects of armaments spending on the American economy and of imperialism on the American soul. (Prophetically, much of the Anti-Imperialist fire was aimed at schemes to subjugate Latin Americans—in Cuba, Santo Domingo, Puerto Rico, and Uncle Sam's old favorite, Nicaragua.)

The Anti-Imperialists proposed, as an alternative to military empire, an "empire of trade"—the United States would prosper by sending goods, not troops, across borders. (Melvyn Krauss proposed a modern variation on this theme in "No More Rich Bully," REASON, Nov. 1986.) Their warnings were ignored; the Declaration of Independence, the principles of which underlay the Anti-Imperialists' objections, was dismissed, in philosopher George Santayana's

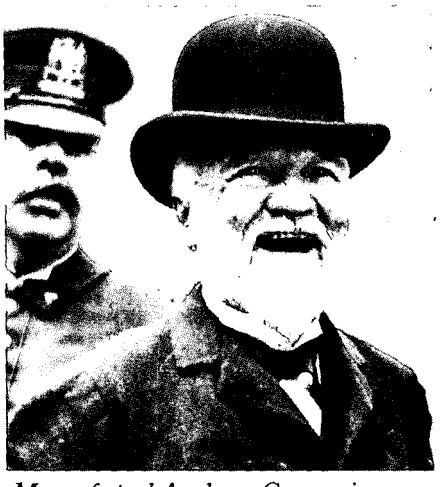
He wore neither love beads nor sandals, but Senator Bob Taft was his era's most prominent antiwar politician.

words, as "a piece of literature, a salad of illusions" by those who pined for an American empire. But the Anti-Imperialists delivered, in Beisner's words, an anguished admonition to the generations to come: "Future wars and the permanent maintenance of forces strong enough to wage them would require a vast amount of money, discourage industry, impose heavy tax burdens on the American people, and distract attention from...domestic problems."

BY MIDCENTURY, AS the U.S. government was settling comfortably into its new role as world policeman, the most vocal and visible dissent was centered in the business community. The Marshall Plan, NATO, the Truman Doctrine—the fundaments of the new Cold War order—encountered little significant opposition outside of prairie populists and a core of heartland businessmen and politicians, derided as hick isolationists by liberal sophisticates.

"Midwestern businessmen" formed the bulk of the capitalist anti-war movement in the late '40s and early '50s, says Justus Doenecke, a leading scholar of the American isolationist tradition. Their bases of operation were generally "single businesses owned and operated by families—Ford; Sears, Roebuck; Quaker Oats."

Though the battleground had shifted from the Caribbean and the Philippines to Europe, the concerns of the new anti-imperialists echoed those of their forebears. Self-made steel man Ernest Weir, Sterling Morton of the eponymous salt company, *Chicago Tribune* publisher Colonel Robert McCormick, and others denounced global intervention as costly, contrary to American principles,



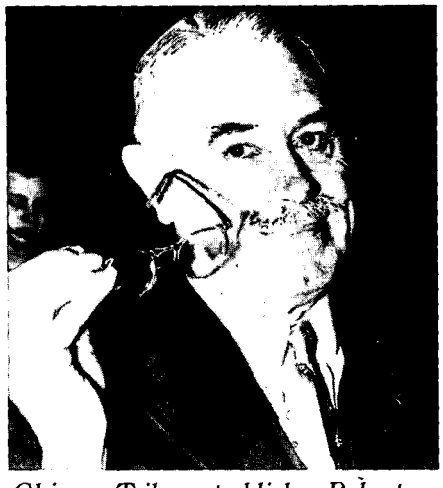
Man of steel Andrew Carnegie implored his countrymen not to forsake traditional American values for the thrill of war and conquest.

and portending new government controls over the economy.

How strange it is for us, in the age of Reagan Republicanism, to read of Colonel McCormick's "right-wing" organization, For America, issuing an alarum that "our sons and daughters" must be "saved from compulsory military service and death in the rice paddies of Asia or the bloody plains of Europe." (One generation later, compulsory military service sent 50,000 sons to death in those prophesied rice paddies.) And how odd to read of Sterling Morton's lament that with U.S. entry into NATO, we have "embarked upon a path which can only lead to eventual bankruptcy, eventual dictatorship, and the end of that system of life known as 'the American Way.' "

The most piquant, forceful expositor of the pro-business, antiwar position was the now-forgotten publicist John T. Flynn. Fired in 1940 from his position as financial writer for the liberal *New Republic* because he hated FDR and foreign intervention with equal passion, Flynn later warned deaf ears: "Since 1945—nearly five years—we have been spending billions in what we are told is a 'cold war.' Unless we make an end of this it will bankrupt us. Even more appalling, it will lead us into another war at the end of which our liberties and our economic system will be ready for the scrap heap. The reason for all this is that the interests of America have been completely blotted out in this insane adventure in world salvation....We are contributing to the destruction of everything our civilization values."

BY THE MID-'60s, as U.S. troops marched off to yet another faraway war, the



Chicago Tribune publisher Robert McCormick warned of "compulsory military service and death in the rice paddies of Asia or the bloody plains of Europe."

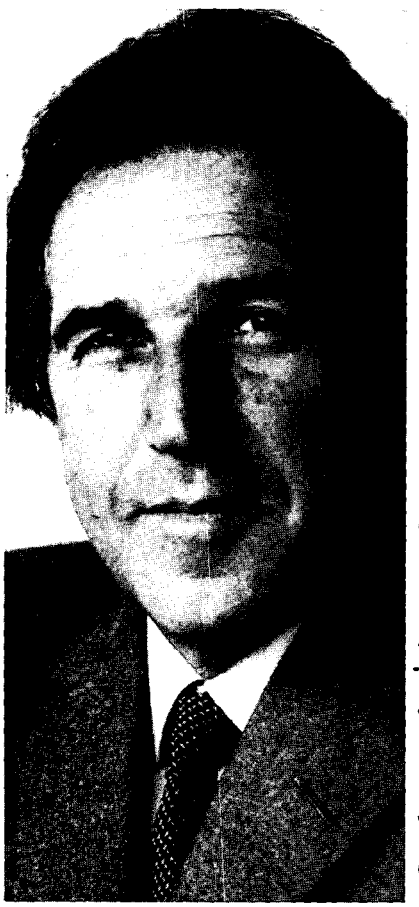
face of the antiwar movement seemed much different. The hair was longer, the music was louder, marijuana had replaced martinis as the drug of choice. Yet, still...

A little-remembered facet of Vietnam war dissent was the dovish sentiment of many American business people. Their peace sympathies owed neither to juvenile Marxism nor to romanticization of Ho Chi Minh as an agrarian George Washington; rather, their voices echoed those of Andrew Carnegie and the Anti-Imperialist League seven decades earlier. Edward J. Hekman, president of United Biscuit Co., warned "that our efforts in Vietnam to prevent a controlled economy from being imposed by force could easily result in a controlled economy being imposed on 200 million Americans."

Even big business, which historically has ranked behind only liberal intellectuals as

BETTMANN ARCHIVES

the group most favorably disposed toward intervention, was wary of Vietnam. A number of corporate chieftains, among them IBM's Thomas Watson, Allied Chemical's John Connor, and Bank of America's Louis Lundborg, were outspoken champions of the antiwar cause. In March 1968, *Newsweek*'s Kenneth Crawford hyberbolized just a bit when he wrote that "Wall Street, the symbol of American capitalism, is now a focus of peace sentiment rivalling the Berkeley campus." The peaceniks' afflatus, according to Crawford, was dollars and cents: "War...threatens intensified inflation and this, in turn, puts pressure on government to impose wage-and-price controls, excess-profits taxes and other restraints onerous to free enterprise."



Stanley A. Weiss

"You can't have 40 treaties with countries saying you're going to simultaneously defend them. We think there should be top-to-bottom debate about those things."

The organizational umbrella for the antiwar business people was Business Executives Move for Vietnam Peace (BEM), founded in late 1966 by Baltimore insurance executive and Quaker convert Henry Niles. BEM eventually grew to more than 2,000 members, most of them top guns at medium-sized and small companies, "unburdened by oil wells, mines, and markets in far-off lands," as Steve Weissman wrote in the New Left monthly *Ramparts*.

The antiwar left never knew quite what to make of its business allies. BEM advertisements emphasized the economic costs of Vietnam ("You've been spending $2.64 a day to keep the war going"), a gaucherie not endearing to sensitive doves. Weissman's *Ramparts* piece sounded a common theme when he scored BEM for failing to denounce "economic imperialism"—that is, trade and investment in Third World countries—along with the war. (As though selling the natives a can of 7-UP is the moral equivalent of napalming them.)

The influence that BEM specifically, and antiwar business generally, exerted on the ship of state was assessed by political scientist James Clotfelter. Writing in *The Nation* in 1971, he explained, like *Newsweek*'s Crawford, that businesses actually "benefit very little from war spending, yet are surrounded by higher costs, taxes and debt." Clotfelter concluded with a reminder of the limits of flower power: "The irony [is] that if and when the war is terminated, it may be as much because of pressure from business and financial elites (its presumed beneficiaries) as from The People."

WHERE HAVE ALL the anti-interventionists gone? What little attention has been paid today's pro-peace business community has invariably been lavished on a handful of liberal millionaires who were active in the nuclear freeze (remember?) campaign in 1982-83, such as former BEM activist Harold Willens, a Los Angeles real-estate mogul.

Willens's prescriptions for the body politic, enumerated in his 1984 manifesto *The Trimtab Factor*, are standard-brand liberalism. Mixed in with calls for arms control are economic nostrums guaranteed to make the doughty old boys of the Anti-Imperialist League gag. Rebuild our allegedly crumbling infrastucture (where would Democrats be without potholes?), spend hand-over-fist on schools, hospitals, and such—Willens calls it a "Marshall Plan for America." ("A good idea," humorist P. J. O'Rourke once observed of a similar scheme, "but I don't know how we're going to get Germany, France, England, and Belgium to pay for it.") Here, truly, is a businessman who never met a subsidy he didn't like.

Less celebrated than Willens—but more faithful to the original Jeffersonian vision of a free and peaceful America—is a small remnant of the Andrew Carnegie–Sterling Morton tradition. If patriotic anti-interventionism is to resurface as a potent political force, its visage will likely be a melange of the disparate faces that follow.

IN WASHINGTON, D.C.'s Dupont Circle neighborhood, a young trade association constituted solely of business people is trying to reinject a prudent, Eisenhower–like perspective into the defense debate. The organization operates under the innocuous name Business Executives for National Security (BENS), a broad rubric under whose auspices one might suspect gather anyone from George Patton groupies to the starry-eyed innocents of the Soviet-American Friendship League.

Founder and president of BENS is Stanley A. Weiss, an affable Texas minerals executive who could pass for a mature version of Mets catcher Gary Carter. Weiss is indefatigable, devoting full time to both BENS and his business. (Weiss says he was up at 5:00 in the morning to start working the Saturday of our interview. "He overslept," explained BENS vice-president Jim Morrison.)

Weiss's is a classic tale of capitalist risk and perseverance. In the early '50s, the 22-year-old Weiss went to Mexico to find gold. ("I saw *The Treasure of Sierra Madre* and wanted to be Humphrey Bogart," he recalls.) For the first couple years he starved. Then he found manganese. He got rich quick after that, starting a lucrative El Paso–based industrial-minerals processing company, American Minerals Inc.

Weiss became interested in politics in the late 1970s. He had a brief, disastrous fling with Barry Commoner's quasi-socialist

Citizens Party in 1980—"I was against all the planks on business," he explains now, and "I was politically naive." Out of his Citizens Party experience, Weiss says he came to have "a very deep disdain for the ideological left. You'd find in the Citizens Party people who didn't really represent the idea which I consider most important, which is called liberty."

Thus chastened, Weiss set out to create a trade association to bring a "business perspective" to the defense debate. He sought a niche; he discovered a canyon. Knocking on doors, Weiss aide Jim Morrison found that "between the National Association of Manufacturers, the U.S. Chamber of Commerce, the American Business Conference, and the National Federation of Independent Business, there is not one single full-time person working on defense issues."

Under Weiss's leadership, BENS has grown to 5,000 members, ranging from heartland small-business execs to *Playboy*'s Christie Hefner and J. Peter Grace of shrink-the-budget fame. In addition to memberships at various levels (from $35 to $1,000), BENS relies on contributions from individuals and foundations.

"I would say if you want a profile of the typical member, it would be much more the entrepreneur than the corporate manager," asserts Weiss. Membership is panpartisan, though he maintains that "BENS reflects the views of the business community, which is largely centrist, or closet Republican."

The group takes as its bible President Eisenhower's extraordinary farewell address, in which Ike warned his countrymen against allowing the "military-industrial complex" —the military establishment and arms manufacturers—to acquire excessive influence and "endanger our liberties." (It is a measure of how far the Republican Party has traveled down the militarist road that Ike's "military-industrial complex" and the venerable word *imperialism*, which was freely employed by Republicans to describe postwar Democratic foreign policy, are today considered ultra-leftist locutions.)

Thus far, BENS has not exactly taken up the Anti-Imperialist League cudgel. It has concentrated on "cheap hawk" military procurement issues—trying to bring competition to the Pentagon, which Weiss describes as "the second-largest controlled economy in the world." To this end, BENS does the usual Washington lobbying bit, pushing for competitive letting of defense contracts, decrying the military's elephantine bureaucracy, and spreading the Eisenhower gospel through films and reprints. (No Ike music videos yet.)

But as BENS grows, says Weiss, it is going to "slowly and cautiously start getting into the economic aspects of the military and national security." A book on the economic effects of military spending is due later this year. And while the organization takes no position on the wisdom of our NATO defense umbrella or the various military adventures the Reagan administration is funding, BENS is at least urging a reexamination of our multitudinous alliances. "What's the strategy?" asks Weiss. "You can't have 40 treaties with countries saying you're going to simultaneously defend them. We think there should be top-to-bottom debate about those things, but we don't take a position."

David Koch

"If we should get more deeply involved in Nicaragua and end up in a Vietnam-type situation there, that would cause a real reaction."

Weiss sighs, slumping back into his chair. "We're four years old. Taking on a $300-billion-a-year national-security establishment with a $2-million or $2.5-million budget—it's very difficult."

SOME BUSINESS PEOPLE opposed to the militarist drift of U.S. foreign and defense policy may find BENS too cautious; their only alternative is a Washington, D.C.-based research organization run by six retired military officers, the Center for Defense Information (CDI), generally viewed as left-liberal. More than half of CDI's ideologically eclectic 33-member Board of Advisors is made up of business people, from liberal Harold Willens to conservative Chicago venture capitalist Rudolph Rasin.

Founded in 1972, CDI and its staff of 30 supply defense and foreign-policy factoids to politicians, journalists, and the like. Staff members frequently testify before Congress and TV cameras and 10 times a year survey military issues in *The Defense Monitor*. And of course, this being the video age, CDI has produced several short films promoting peace causes, including one narrated by contributor and advisory board member Paul Newman. (Unlike BENS, the center is not a membership organization; most of its annual $1.5-million budget comes from foundations and individual donors.)

Founder and director of the center is Gene La Rocque, a retired rear admiral who served 32 years active duty in the navy. Combat veteran La Rocque is no sensitive wimp, as hawks sometimes like to characterize anti-interventionists; he swaps war stories with buddies who drop by the center, and he jokes about the privations of military service: "No drinking, no cars, but most serious, no girls!"

CDI's active and vocal support for arms control has overshadowed its much more provocative position on the deployment of American troops abroad. The United States, notes La Rocque, "has half a million men and women in uniform in foreign countries

and over 330 military bases and facilities in foreign countries, most of which we have no business being in." The center, he says, advocates that we "bring home all of our half million people."

Just as Stanley Weiss sees the virtues of the Eisenhower Republican worldview, La Rocque invokes Robert Taft's isolationist Republican vision: "We have such a wonderful, beautiful country here of our own, that if we would tend to our own country and trade with other nations on a profitable basis, we would continue to prosper. I think Taft recognized that we had it made—we were successful. Why did we want to go around sticking our nose into everybody else's business? I don't think we have to look too far to find a great deal of satisfaction with the life that we have. The name of the game ought to be to preserve the American way of life."

Similarly, La Rocque occasionally frames his arguments in language redolent of the conservative isolationists of an earlier era: "Most people in the U.S., I find, want to return to the really simple values of the U.S. They don't see any need for us to have a half-million people in foreign countries. Why in the world do we concern ourselves with Ethiopia or Somalia? It's costing the American farmer and the American businessman and the American taxpayer a lot of money for us to maintain our military involvement in such countries."

CDI is a *bete noire* to many conservatives and defense analysts, who charge that it is antidefense because of its opposition to numerous weapons systems. It's a perception that clearly frustrates La Rocque. In its statement of purpose, CDI pledges to "support a strong U.S. defense program." In other words, says La Rocque under questioning, "we are for the development of a retaliatory capability to deter an attack, and we are opposed to offensive first-strike weapons."

La Rocque acknowledges that he is "opposed to war of all kinds—war is pretty stupid." But, emphasizes this veteran of Pearl Harbor, "I would support a war to defend the U.S., even if that meant going somewhere else, if it was clearly a defensive war." He adds, with an eye to 40ish hawks who spent the Vietnam years wading through the malarial swamps of grad school: "People who *fought* in wars see war a lot differently. A lot of [interventionists], they've never heard a man scream. If you do, war takes on a different coloration."

Rudolph Rasin

"Politicians, they use a wet finger. If they found enough people like me, they would be changing. It's a question of leverage."

CHICAGOAN RUDOLPH Rasin is an active member of BENS and sits on CDI's Board of Advisors. He is also, in Elvis Costello's felicitous phrase, a man out of time.

The 55-year-old Rasin is a venture capitalist specializing in "leveraged buyouts and mergers and acquisitions." He is active in state and local Republican politics in Dupage County, Illinois ("one of the most conservative districts in the United States") and serves as an elected precinct committeeman. But he has seen his party drift from conservatism to militarism over the course of the last three decades, leaving him isolated and far, far behind.

"I consider myself a conservative Republican," explains Rasin, "but not in the Jesse Helms definition of conservative. I would call myself a classical or traditional conservative of the Robert Taft stripe. I'm opposed to big government, but I'm opposed to big government in all respects. I'm not a selective conservative."

Old-line Republican conservative Rasin is, quite understandably, perplexed by the sea change that has dislodged him from the sturdy traditionalist wing of the GOP. His apt simile: "It's almost like the spectrum shift. If you look at the old radio tuners for a shortwave station, you flip the thing and the 100 that was over here on the right is over on the left. There has been a shift in the spectrum so that what was once considered right of center is now considered liberal. A reincarnated Robert Taft would be considered a left-wing liberal."

Fiscal conservative Rasin will never be mistaken for a left-wing liberal, but listening to him patiently explain the necessity of reducing the U.S. commitment to NATO and his opposition to the Vietnam war and its messy, embryonic stepchild, Nicaragua, one confronts the numbing fact that *no* prominent politician in the country—Republican or Democrat—speaks for the Rudolph Rasins of this land.

"I look at it purely from an economic point of view," says Rasin in his best Republican tones. "Naturally I want a strong defense, but I don't want it to become a sacred cow and another label for more federal spending and federal waste and largesse. Just as you cannot throw money at social problems, as was proven with the Johnson administration, you can't blindly throw money at military problems.

"I'm one of the few guys that don't feel comfortable in the Democratic Party and I don't feel comfortable in the new Republican Party, because it's been taken over by the right wing," says a frustrated Rasin. Nevertheless, he shan't give up. "Politicians, they use a wet finger. If they found enough people like me, they would be changing. It's a question of leverage."

LEVERAGE IS ONE thing David Koch doesn't lack. The 46-year-old Koch is executive vice-president of Koch Industries, a Wichita-based, multi-billion-dollar oil concern. Koch, a contributor to BENS, is also, along with others in his family, an extremely liberal donor to a number of libertarian and free-market organizations, including the Reason Foundation.

Sprawling his 6'5" frame across an undersized swivel chair in his midtown Manhattan office, Koch remembers the gradual evolution of his foreign-policy views. "I'm from a family that felt that the U.S. should

be very aggressive in foreign affairs." (His father, company founder Fred C. Koch, was a founding father of the John Birch Society.) "But I've changed over the years," explains Koch, from an early supporter of the Vietnam war to a self-proclaimed "noninterventionist" who desires the U.S. government "to refrain from interfering with the activities of other countries, except where we are threatened in some overt, direct way."

Essential to Koch's anti-interventionism is his laissez-faire economics. War and militarism, he has concluded, are the most potent stimulants for the growth of Big Government and the concomitant erosion of economic freedoms. "Pursuing a very aggressive foreign policy," he says, "is an extremely expensive endeavor for the U.S. government. The cost of maintaining a huge military force abroad is gigantic. It's so big it puts a severe strain on the U.S. economy, creating economic hardships here at home."

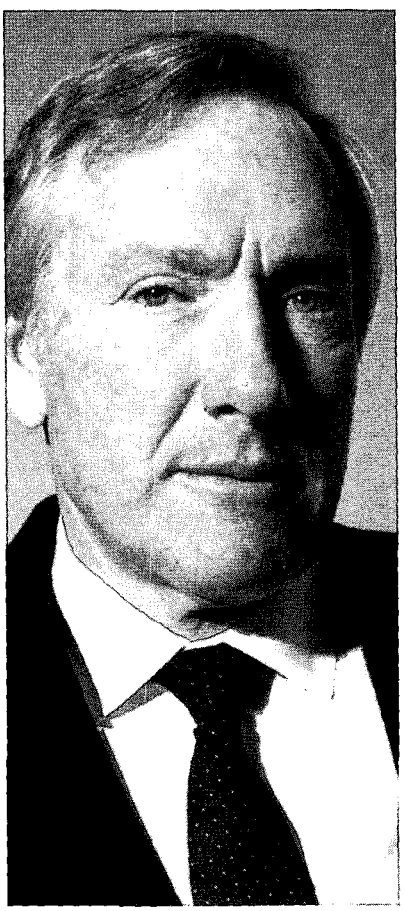
Though the bulk of its operations are U.S.-based, Koch Industries has been involved in projects from West Germany to Qatar. So, not surprisingly, David Koch enthusiastically updates the Anti-Imperialist League dream of an "empire of trade." Eighty-five years after his forebears, the Carnegies and Atkinsons, went down to crushing defeat, Koch echoes yesterday's pro-peace capitalists: "I think the best foreign policy the U.S. government could follow is to encourage private, nongovernment interactions between nations. I believe in maximizing trade of all sorts: business trade, athletic exchanges, cultural exchanges, tourism. I think the best way to create peace and good will is to maximize interchange at all levels."

In practice, Koch's foreign-policy positions align him with far more socialists than capitalists. He shrugs at the seeming dilemma. "Just because I disagree with certain people on some issues doesn't mean I have to disagree with them on all issues. Just because Hitler liked flowers, do I have to dislike them?"

BUSINESSMAN AND publisher Martin Stone's involvement in the pro-capitalism, pro-peace movement spans the modern age, from BEM in the '60s to BENS in the '80s. (Though the latter group lacks the Vietnam protesters' anti-intervention focus, Stone praises its membership: "The business executives who make up BENS are much more free-enterprise-oriented than was true of that other group.")

The 58-year-old Stone lives in the rustic upstate New York town of Lake Placid, where he presides over an empire that includes *California Business*, the nation's largest regional business magazine, and *World Paper*, a newspaper supplement published in four languages and 21 countries. He's also negotiating with Phoenix, Arizona, to build a domed stadium in the event the lords of baseball and football ever deign to notice that Texas and California are not the only two states west of the Mississippi.

Stone, who has "always been very conservative on economic matters," traces his involvement in capitalist peace activities back to the '60s, when this self-made man owned Monogram Industries, a California aerospace manufacturer. He actively supported Business Executives Move for Vietnam Peace and was California co-chairman of Eugene McCarthy's insurgent antiwar candidacy in the 1968 Democratic primaries. For having the audacity to exercise his rights in 1960s America, Stone earned two of that decade's most-coveted scarlet letters: he made Nixon's fabled enemies list, and he was audited annually by the IRS.



Martin Stone

"When you attempt to be the world's policeman, it gets to be more expensive than anything you ever contemplated. And it tends to create enemies around the world that you don't need."

Today, Stone's economic views are as free-marketish as ever; he praises President Reagan for occasionally resisting the protectionist impulse but scores him for failing to slash farm subsides and business subsidies. And Stone is no parlor marketeer, casually singing the praises of competition whilst he slops up at the federal trough. When a commuter airline he owned went belly-up in the newly deregulated climate, he cheerfully admitted, in a *California Business* article, that "deregulation is good, even if my airline is a casualty."

But if Stone sounds Reaganite when discussing the virtues of free enterprise, he could hardly sound less so in opposing foreign adventurism. He explains, "I started off feeling that when you attempt to be the world's policeman, it gets to be more expensive than anything you ever contemplate or anything you can really afford." But he also soon discovered, "it tends to create enemies for you around the world that you don't need."

As is the case with the other businessmen, Stone gracefully makes the economic case for disengagement from our countless commitments, particularly NATO. But it is the U.S. government's persistent interference in Nicaragua that most frustrates him. "We'll do better in preserving our relations with Central America by keeping a hands-off policy. I don't like what the Sandinistas are doing in repressing individual liberties and freedoms and the press, but frankly I think that's up to the Nicaraguans to determine how to handle."

Stone's friendly voice takes on a sharper quality—you can feel the words being under-

RICHARD ARRINDELL

lined over the phone—as he continues: "If we were to go to war in Central America, I can see us bogging down in an *extremely* expensive series of campaigns that in the long run brought us nothing but enmity throughout Latin America for many decades to come. If we want to, we can militarily go in and overthrow the Sandinistas and install some government more of our choosing, but I think the cost will be great, and then it *won't even stay*—it's too easy to foment another revolution—and we'll be there *forever*."

AT FIRST GLANCE, there would seem to be a bad moon rising for anti-interventionists. The Reagan administration steadfastly refuses to discuss the possibility of reducing the U.S. commitment to subsidizing Europe's defense, and the anti-Europe sentiments once so common among provincial politicians have disappeared. Every day brings the U.S. government closer to open war with its tiny neighbor Nicaragua. The so-called Reagan Doctrine—the administration's pledge to support anticommunist insurgents around the world—has become a pillar of the right's foreign policy.

But this all costs money, involuntarily donated by businessmen and their taxpaying consumers. Costs to the American taxpayer associated with our NATO involvement total nearly $150 billion annually, defense analyst Earl Ravenal has estimated. Our Central American policies, including economic aid, cost us more than $9 billion a year, according to Joshua Cohen and Joel Rogers's *Inequity and Intervention*, just published by Boston's lefty South End Press. The modest sums doled out to insurgents in Nicaragua, Angola, and Afghanistan in the spirit of the Reagan Doctrine, remarks Cato Institute policy analyst Ted Carpenter, are "just a down payment. If they're serious about winning, the costs will run into the billions."

If we finally take the deep plunge and invade Nicaragua, the cost, estimates Georgetown University professor Theodore Moran, would be $11 billion and as many as 5,000 American lives over a five-year period. And as Martin Stone says (Gene La Rocque noted the same), soon we'd just have to do it all over again.

Venture capitalist Rudolph Rasin wonders whether business opinion can ever swing back solidly toward nonintervention. "I'm just curious how we can get more allies. I don't understand what it would take."

Perhaps it would take $200-billion deficits and a stiffening of the public antitax resolve. Opinion polls suggest overwhelming rank-and-file opposition to a world-policeman foreign policy destined to win for the United States, in journalist Jonathan Kwitny's

No prominent politician in the country — Republican or Democrat — speaks for the Rudolph Rasins of this land.

formulation, endless enemies. That this unpopular meddling "is a significant part of the budget problem," as Martin Stone asserts, ought to augur a reassessment of our global role in boardrooms and living rooms across the land.

Indeed, the most fiscally conservative grass-roots activists just might be persuaded to join the Rasins, Kochs, et al. in a new patriotic peace movement. David Keating, executive vice-president of the 150,000-strong antispending group the National Taxpayers Union, notes that a majority of NTU's members support reductions in the U.S. subsidy to NATO as well as sharp cuts in that Old Right bugbear foreign aid. Keating assays his membership: "They want a strong defense, but they're sick of the ripoffs, they're sick of the fact that good procurement officers are the ones who get fired rather than promoted, they're sick of subsidizing the defense of other countries."

CDI's Gene La Rocque, for one, is optimistic that business—at least that segment of the business community not tethered to military subsidies—will see that exorbitant defense spending is contrary to its self-interest: "We don't have enough money to keep our government going a week at a time, and we're spending $150 billion to take care of NATO and more for the other countries. What is happening now is that the business community is coming to us at CDI. Their assessment is this: the federal government, with its limitations, can only spend so much money. There just isn't any more tax money that can be obtained. And they know that if the taxpayer has to pay all this money to the government, the taxpayer doesn't have any discretionary money left over to buy the things their industries produce."

Stanley Weiss of BENS concurs. "I think there is a kind of change that's going on," he says. Business people "are beginning to wonder what we're getting for all this money we're spending." And they're wondering what effect a $300-billion defense program is having on the nation's economy. "The fact that we are spending so much of our resources in things that apparently are not productive, namely the military," asserts Weiss, "probably makes us less competitive."

David Koch, though he confesses to "mixed feelings" about Nicaragua ("we're getting awful close to home here"), sees U.S. intervention, rather than spiraling defense costs, as the potential galvanizing force in the business community. "I don't see a big movement toward anti-interventionism in the business community" at this time, he notes. But "if we should get more deeply involved in Nicaragua and end up in a Vietnam-type situation there, that would cause a real reaction."

At the political level, the still-deep reservoir of American anti-interventionist sentiment remains untapped. Politicians are by nature reactive creatures. Not until the inchoate pro-peace, pro-free-enterprise movement obtrudes into the national consciousness will vote-seekers be inclined to adopt a similar constellation of values. As Ron Paul, the anti-interventionist ex-congressman, notes: "It's not going to change in Washington. The grass roots have to do a lot more before it'll happen."

The job of the Anti-Imperialist League's legatees is made all the more difficult by the crazy-quilt ideologies of the Republican and Democratic parties, neither of which betrays the slightest coherence in their attitudes toward individual liberty and the scope of government. A new Republican senator—Arizona's John McCain, a former Vietnam POW—makes sporadic pro-free-enterprise, anti-intervention noises and may be worth watching. But among prominent political figures, only Jesse Jackson, no friend of economic freedom, bangs the anti-NATO, anti-world-policeman drum. (Recall Rudolph Rasin's old radio tuner.)

The Rasins, the Weisses, the Kochs, the Stones, and millions of other Americans desire, in multifarious ways, to return to a respectful and respectable American foreign policy, one fit for a republic of freemen and consistent with the revolutionary principles on which this country was founded. Skeptics of foreign intervention, in the business community and outside of it, are this country's authentic silent majority. Whether, and how, they find a way to amplify that voice and nudge the U.S. government down a more peaceful path is among the most tantalizing political questions of our age. ◻

Assistant Editor Bill Kauffman is based in Washington. His most recent article in REASON was "Mr. Marrou Goes to Juneau" (Oct. 1986).

How To Move a Nation

Could a chicken farmer and two economists change British history?

by John Blundell

1946: Recently demobilized from Britain's Royal Air force, highly decorated fighter pilot Antony Fisher finds in the *Reader's Digest* a condensation of F. A. Hayek's classic critique of socialism, *The Road To Serfdom*. It confirms his own worries about his country's tilt toward socialism.

Traveling to London, Fisher seeks out Hayek at the London School of Economics (LSE). "What can I do? Should I enter politics?" he asks. With Fisher's war record, good looks, gift for speaking, and excellent education, it is no idle question.

"No," replies Hayek. "Society's course will be changed only by a change in ideas. First you must reach the intellectuals, the teachers and writers, with reasoned argument. It will be *their* influence on society which will prevail, and the politicians will follow."

1949: Ralph Harris, a young researcher from the Conservative Party, gives a Saturday afternoon lecture in a small village in southeastern England. Fisher—now a farmer—is present and loves what he hears. Taking Harris aside after the meeting, he explains his ideas for an organization to make the free-market case to intellectuals. "One day," he says "when my ship comes in, I'd like to create something which will do for the non-Labour parties what the [socialist] Fabian Society did for the Labour Party."

Harris is excited. "If you get any further," he says, "I'd like to be considered as the man to run such a group."

1953-57: In 1953 Fisher starts what is to become the highly profitable Buxted Chicken Co., the first attempt at factory farming in Britain. By September 1954, it is showing a profit, and he can begin to think more about starting a free-market institute.

In November 1955, Fisher and two friends sign a trust deed establishing the Institute of Economic Affairs. Looking for someone to run the IEA, Fisher remembers Harris. They have not communicated since that first meeting in 1949. Harris is now 31 and, after seven years teaching economics at St. Andrews University in Scotland, is writing editorials at the *Glasgow Herald*. In June 1956, the intellectual Harris meets the businessman Fisher in London. On the promise of a starting budget of £1,000 and a part-time salary of £10 a week—the same starting salary as Buxted Chicken's general manager—Harris agrees to become the new Institute's general director on January 1, 1957.

Also in the summer of 1956, the embryonic Institute interests economist Arthur Seldon in writing a paper on pensions. A former socialist and the son of a cobbler from London's East End, Seldon had become a classical liberal while studying at the LSE. Within weeks of reaching London, Harris meets Seldon and an extraordinarily fruitful partnership begins.

1987: It is early January and cold. Some 30 years have passed since Ralph Harris—now Lord Harris of High Cross—left Scotland. Today, sitting in the offices of the IEA in London—so close you could hit a cricket ball through Parliament's windows—he reviews the list of 250 major corporations that support its work; it has a budget approaching $1 million and a staff of a dozen. For the past decade, its ideas have clearly been in the ascendancy. Some commentators have gone so far as to call the IEA's cramped offices the home of the new orthodoxy.

South of London in his home in rural Kent, Arthur Seldon, now 70 but as active, creative, and productive as ever, also reviews a list. It is a list of over 300 titles he has produced and more than 500 authors he has nurtured and developed for the IEA. On his coffee table lie copies of the Institute's glossy bimonthly magazine *Economic Affairs* and a new book, *The Unfinished Agenda: Essays on the Political Economy of Government Policy in Honour of Arthur Seldon*, containing chapters by 11 internationally renowned economists including Milton Friedman, F. A. Hayek, James Buchanan, and Gordon Tullock.

Six thousand miles west, in downtown San Francisco, Antony Fisher enters the offices of the Atlas Economic Research Foundation, which he established in the 1970s to aid and encourage the formation of new institutes around the world. Now a full-time think-tank entrepreneur, he too has a list—36 institutes in 18 countries, all based on the IEA model.

On the walls of the former house where IEA has its offices hang the portraits of famous economists, most notably Hayek, Friedman, and Ludwig von Mises—but also John Maynard Keynes. And hanging there, too, is Keynes's famous statement that "the ideas of economists...are more powerful than is commonly understood." It is from here that the IEA team has steered market ideas from total heresy to partial orthodoxy—at least in certain quarters.

Looking back to his decision 30 years ago to give up a secure, well-paid job to risk his future and that of his young family in the service of an unpopular cause, Harris laughs so loudly the tape jumps. "I was mad!" he says, and one can almost believe him. "I did not calculate the risk at all! Fisher's enthusiasm and my desire to return to London and do something were sufficient."

Arthur Seldon was more careful. Becoming part-time editorial director in June 1959, he managed to hold onto his main job as an economist for a brewing-industry association until he too became full-time in July 1961. Ever since his days at the LSE in the mid-to-late '30s, Seldon had wanted a chance "to fight back." This was it.

Government planning was in its ascendancy. Market ideas were scoffed at as old-fashioned—or worse. Recalls Jack Wiseman, a University of York professor long associated with the IEA: "One day leaving the London School of Economics a fellow economist asked if I could use a lift. I said I was going to the IEA. 'Good God,' he replied, 'you aren't one of that Fascist lot, are you?' I went to the IEA—he later became Governor of the Bank of England!"

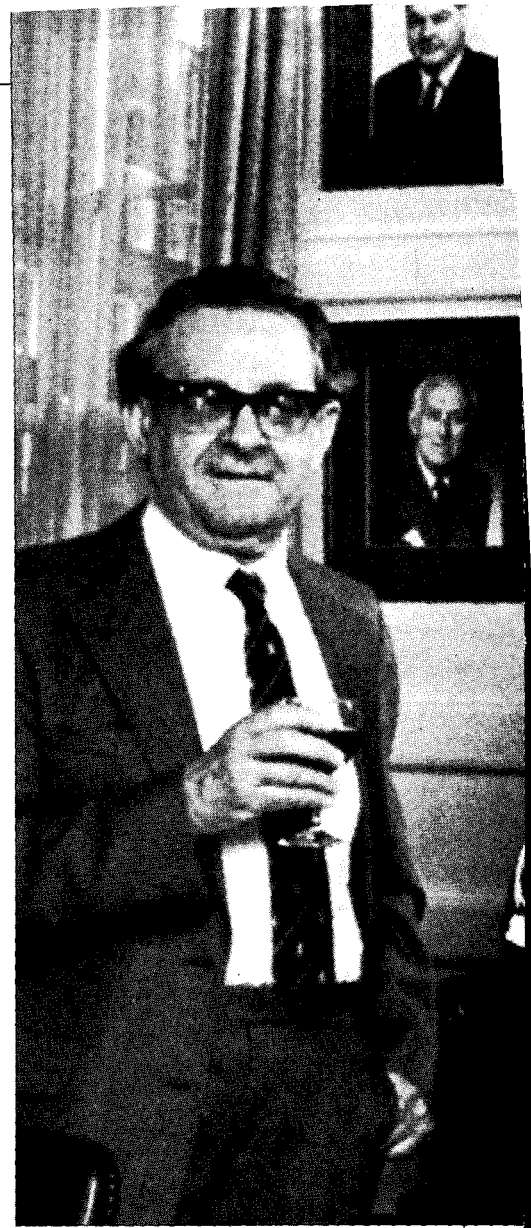
Says Harris, "We were a scorned, dismissed, heretical minority. There was a preordained path for the state to regulate, to plan, and to direct—as in war, so in peace. If you questioned it, it was like swearing in church. At times this overwhelming consensus intimidated us, and we sometimes held back. We often felt like mischievous, naughty little boys."

It was not at all clear at first exactly what the new institute would do in the face of such widespread, deep-set hostility. The strategic choices Harris and Fisher faced were limited. British laws governing charitable institutions, as well as Hayek's advice and their own distaste for the political process, ruled out any kind of lobbying and direct involvement with public policy.

One possibility was a broad-based populist organization. Founder Antony Fisher, who admired the popularizing work done by Leonard Read's Foundation for Economic Education (FEE) in the United States, favored this approach and would regularly send Harris heavily marked copies of FEE publications. Although Harris liked much of what he read there, he felt they were not scholarly enough for the job in the U.K.

While Fisher and Harris were debating, Arthur Seldon resolved the question. In the summer of 1957, he handed in the manuscript entitled *Pensions in a Free Society*, which was to become one of the first IEA publications. It was well-reasoned, thorough, nonpolemical, and of interest to scholars and specialists—but also easily accessible to lay audiences.

Seldon himself believed that market ideas, through education and persuasion, would out-flank the politicians by first winning over the intellectuals and journalists, whom Hayek had once dubbed "second-hand dealers in ideas." To this day he uses a military analogy. The IEA would be the artillery firing the shells (ideas). Some would land on target (the intellectuals), while others might miss. But the Institute would never be the infantry engaged in short-term, face-to-face grappling with the enemy. Rather, its artillery barrage would clear the way for others to do the work of the infantry later on. The IEA would show why matters had gone wrong and set out broad principles, while others would argue precisely how matters should be put right. Fisher, whatever his personal preferences, stepped back and let Harris and Seldon run things.



PETER ANDERSON

The IEA has from the beginning concentrated on publishing papers and pamphlets for an intellectual audience, works whose sole concern—in the words of the IEA's first brochure—would be "economic truth" unswayed by current "political considerations." The goal of these efforts, the IEA said, was a society in which people would understand free-market economics "together with an understanding of the moral foundations which govern the acquisition and holding of property, the right of the individual to have access to free competitive markets and the necessity of a secure and honest monetary system."

An early problem was finding outside authors willing to put pen to paper for the fledgling Institute. "We were old hat, old-fashioned," comments Seldon, "and Ralph and I had to work on everything." After Seldon's *Pensions* appeared, they collaborated

Cheers! Arthur Seldon and Ralph Harris celebrate 30 years of selling liberty in the marketplace of ideas.

on books about consumer credit and advertising. The latter proved good advertising of its own. When left-wing economist Nikolas Kaldor criticized the book, recalls Seldon, "This criticism made a very favorable impression in the corporate world. Companies began asking 'How can we help?' to which we would say, 'Send us a check!' "

From the start, Harris and Seldon were adamant that they would always be independent of their financial contributors. This meant not only never seeking nor accepting taxpayers' money but also making sure all donations were "without strings." Seldon remembers warning potential corporate donors, "We shan't say what you want."

Slowly but surely the IEA began to find an audience. From the start, its books were well reviewed, not by economists but by journalists in the financial and general news press. The reviewers liked them, says Harris, because "they were not polemical but well-researched and documented. Facts and figures—not theory—won us acclaim in the early days and led to meetings with editors and journalists."

But by the early '60s, economists began to accept the presence of the maverick IEA, and a few even began to suggest titles of papers they might contribute. Founder Antony Fisher wanted to see "an IEA paper on every topic that might be discussed." The result was the Hobart Papers, named after the Institute's new address in Hobart Place.

At the time, it was doubtful that the Hobart Papers would find an audience, recalled Norman Macrae of *The Economist* in 1984. "I remember writing a polite review of Hobart Paper 1 in early 1960, but saying privately that the venture would probably go bust, and that only a fool would write Hobart Paper 2," he wrote in a pamphlet marking the 100th Hobart Paper. "This last proved true prophecy, because I proceeded to write Hobart Paper 2 myself."

The object of Macrae's skepticism—the first Hobart Paper—was Basil Yamey's *Resale Price Maintenance and Shoppers' Choice* (1960). Fisher himself had balked at the publication of this work. He thought the topic—why manufacturers shouldn't be allowed to require all retailers to sell products at the same price—overwhelmingly dull and unimportant and Yamey's treatment to be far too scholarly. He feared nobody would read it. "I can remember saying to Ralph, who sent me the draft, that it was so dull, couldn't I have 'more fun for my money,' " Fisher says. But Harris and Seldon prevailed.

Yamey's paper was an instant success, going through four editions in five years. One reason, according to Macrae, is that "it contained the newsworthy—though underestimated—figure that Britons were paying £180 million more a year on price-maintained goods than they would have done in a freely competitive market."

In fact, this was one of the rare occasions when an IEA publication had an immediate impact directly on policy rather than on the atmosphere or environment of ideas. Edward Heath, a young, rising politician and president of the Board of Trade, seized on the price-maintenance issue and piloted legislation through Parliament in the face of a great deal of hostility, especially from small shopkeepers. At the height of this hostility, he had lunch at the IEA with Yamey, Harris, Seldon, and Fisher. Pointing directly at Yamey, he complained, "You are the cause of all my trouble!"

Throughout the '60s the IEA grew, adding several new series of titles. The model, later to be adopted around the world, became clear: a flow of well-written, scholarly but accessible studies in applied market economics, released to the press and sold to universities, high schools, and the general public.

Of equal importance was the IEA's emergence as a focal point, a haven, and a meeting place for a growing but still small group of market advocates. "I remember in the '60s," recalls Fisher, "at one of our poultry industry black-tie dinners, a speaker, a Socialist farmer, made a joke at my expense. He said that Antony Fisher was employing the last two economists who believed in free markets."

But there were more than two, and through the IEA, an informal network of people from academia, the media, the professions, and the business world developed. It was somewhat formalized in the late '60s with the introduction of the monthly Hobart Lunch, where newly published IEA authors would speak briefly about their work. But the network has in many ways remained an unintended, unplanned, and informal consequence of the growth of the Institute.

In the early days, both Harris and Seldon had pitched in on all fronts. But as they achieved some measure of success, a division of labor emerged: Harris would raise money, while Seldon concentrated on his authors and their products. Their personalities, says Milton Friedman today, "fitted together like hand in glove."

Harris is the PR man, bubbling and bursting with new ideas and suggestions, a salesman able to peddle the ideas and products of the Institute in any forum. Seldon, introverted by contrast, is, in Friedman's words, "a perfectionist when it comes to writing, editing and publishing, and an enormously hard worker who over the years is more responsible than any other single person for the consistently high quality of IEA publications." Says Harris, "If I'm dressing the window, it is Arthur who is stuffing good things on the shelves."

In the first half of the '70s, those shelves began to include an international element. To "classical" political economy à la Adam Smith, Seldon added publications by Hayek, leader of the Austrian school of economics; Friedman, leader of the Chicago school; and

Buchanan and Tullock, leaders of the public-choice, or Virginia, school. Although their approaches differed, Seldon saw them as "all reinforcing each other and the work of the IEA."

Of these three schools—all foreign and new to most Britons—Friedman's writings on monetary policy clearly had the greatest immediate impact, coming as they did at a time of high inflation. "At the last General Election," wrote influential Conservative intellectual Jock Bruce-Gardyne in a 1978 article on the IEA, "I was confronted by a young working farmer who intervened in an argument over incomes policy at a village election meeting to say that this was all nonsense: we were suffering from inflation because we had failed to control the money supply. He had seen Prof. Friedman on television, as had many millions of others, and been deeply impressed. It was the IEA which had brought the 'wizard of Chicago' to this country for the occasion." Over the long-term, however, the Austrian view of the market as a process and the Virginia economics of politics are arguably having an even greater influence, as they slowly but steadily permeate British thought.

Antony Fisher: *"Employing the last two economists who believed in free markets."*

The early '70s also saw the first sign that the Institute's work was having an effect on policy. Edward Heath won a come-from-behind victory over socialist Prime Minister Harold Wilson in the 1970 general election—and won on a market platform. But market enthusiasts' high hopes were dashed within 18 months. Heath made a series of critical U-turns and began to inflate the currency, bail out faltering industries, control prices and wages, and generally expand the role of government.

In retrospect, however, the 1970s must be viewed as the IEA's finest hour. Leading an established, maturing, and increasingly well-known organization, Harris and Seldon launched a barrage of timely, high-quality work. Inflation, recession, and the clear failure of big government were the background as Seldon's shells began to reach their targets, littering the landscape with shattered collectivist concepts and exploded myths, blowing apart the postwar consensus.

In 1975, the *Sunday Telegraph* called the IEA "the centre of useful economic activity." The London *Times* in 1976 said it had become the source of "a good deal of the most influential economic thinking." And in 1977, the *Financial Times* wrote that it was the organization to have most influenced "public economic understanding." Warned *Labour Weekly*: "They are the new orthodoxy and the Labour Government is by no means immune from them."

In this intellectual atmosphere, dominated by the IEA's micro-studies and macro-critiques, the opposition Conservative Party began a radical reexamination of its roots. With Margaret Thatcher as its new leader, the result was another victorious promarket election platform in 1979. This time, however, the platform didn't collapse.

Thatcher wrote to Fisher crediting the IEA with "creating the climate of opinion which made our victory possible" and rewarded Harris with a seat in the House of Lords. Impishly, Harris took it not as a Conservative but rather as an independent, or "cross-bencher." Within two years, he had established an all-party group of lords called the Repeal Group, dedicated to getting rid of legislation. Close IEA colleagues openly worry he is now concentrating on the infantry and neglecting the artillery. "He's spending too much time across the road," grumbles Seldon.

But Thatcher, he says, "has done far more than we ever expected." He points to the reform of trade-union legislation, the denationalization of many industries, the sale of over a million public-housing units, the spread of privatization in local government, the cuts in top tax rates, and the abolition of exchange controls, price and wage controls, and dividend and credit controls.

Success in the Thatcher years has had its own problems. One is the common accusation that Conservative rhetoric has become so "IEA-ish" that Harris and Seldon must be, in Harris's words, the "puppet masters." However, they have rightly been careful to keep their distance and to point out that government actions diverge from and conflict with their market analysis in many important respects. "The government keeps sidling up to us," notes Harris, "but we keep digging a trench between them and us, and we keep on with our message."

He and Seldon are also quick to point to many failures and enduring problems. "We have made no progress at all on the welfare front—health, social security, education, and much of housing. That whole sector seems to be so far wholly immune to intellectual criticism," says Harris. He believes, however, that "you can show people that a 'free' good is a pig in the poke, a swindle. In the long run we cannot lose on welfare. Education and health keep costing more and more but they can't buy off the trouble. So much emotion is tied up in all of this that it will be a bitter, bloody battle—but it will yield."

Even so, there will always be a need for the IEA "because there will always be backsliding and counterproposals from the other side. There will always be tension and a job for market liberals to do."

After 30 years, Harris and Seldon can see their work permeating all of Britain's political parties and much of academia. "Even the Labour Party," says Seldon, who believes it will never regain power, "has accepted that here is a body of work with which it has to deal." He feels that the Conservative Party is still divided between those who think "the government should run all sorts of things" and those who have accepted and embraced markets. Where this latter group has not implemented market reforms "it is for reasons they should have foreseen, such as bureaucratic and special-interest opposition," Seldon says. In the future, he sees alternating governments of Whiggish Conservatives and the Social Democratic / Liberal Party Alliance. And within the latter, this old liberal smiles and says, "Our ideas are percolating very nicely."

"Society's course will be changed only by a change in ideas. First you must reach the intellectuals. It will be their influence on society which will prevail."

The fundamental change has been one of atmosphere. "Markets are no longer old-fashioned," says Seldon, "and people in the media now ask the right questions such as, 'why is (natural) gas being privatized without the deregulation to make it competitive?' That change is far more basic than the fact that Mrs. Thatcher has done a few things."

What is on the IEA's list for the near future? Seldon lists five major targets for bombardment: transport, where he wants to see studies of railroad denationalization; fuel, specifically proposals to denationalize

the coal mines; health and education, which account for a high proportion of both government expenditures and employees; and, finally, local government, which he views as "inefficient, mismanaged and corrupt."

"If we tackle these five," he says, "we will be much nearer to lower taxes, more choice, the decentralization of power, and smaller government."

Arthur Seldon: *"Our ideas are percolating very nicely."*

To what can one attribute the success of the Institute? First, there is the continuity of its work: "their hewing to a straight line of principle, without seeking to compromise in order to court short-run popularity," as Milton Friedman put it to me recently. But the Institute has not been a narrow, dogmatic church. Virginians, Austrians, Chicagoites, and market economists of no particular school (and even critics and skeptics who agonize over possible hygiene problems if garbage collection is privatized) all rub shoulders under the Institute's aegis. The IEA's success, says Chicago economist George Stigler, is "due in good part to its enlistment of many competent scholars without regard for some rigid orthodoxy."

Second, there is the continuity of its staff—not just of the principals, Harris and Seldon, but of their team as a whole: their assistant Joan Culverwell (January 1959 until recently); publications manager Michael Solly (May 1959 to date); John Wood (in various capacities throughout); and librarian Ken Smith (1969 to date).

Third, there has been the hand-in-glove Harris-Seldon partnership itself. Looking, as one newspaper has described them, "more like a pair of country solicitors than seasoned revolutionaries," their hallmarks have been politeness and courtesy, energy and enthusiasm, and optimism and fun.

Fourth, there is the Institute's location in the national capital of a small, highly centralized society. "We should have to imagine New York, Boston, Washington, Chicago, New Orleans, Los Angeles, San Francisco rolled into one to create some United States analogue to London," James Buchanan and Gordon Tullock once wrote in explaining the IEA's success.

Finally, the IEA has not fallen into the Fabian Society trap of dealing with only one party. Harris comes from a strongly Conservative background but now sits in the House of Lords as an independent. Seldon was initially socialist and then with the Liberal Party; some years ago he calculated that 20 percent of "his" authors had broadly left-of-center sympathies. His strategic placing of the Institute has clearly been of critical importance.

As the IEA enters its fourth decade, it is conducting a major reappraisal of its past successes and failures, its current position, and its future. After 20 years on the wrong side of the wall, the past decade has seen the institution and its authors come in from the cold. Thatcher's Britain has been a little heady for market economists. So much so, claims Hayek's biographer, William W. Bartley III, of the Hoover Institution, that there is a tendency to overrate politicians' commitment to and understanding of markets. The danger is that this will lull the Institute into thinking its battle is won and therefore lure it into more immediate policy work. The Fabian Society made such a mistake in 1945, and the vacuum it left made the IEA's task easier.

The debate within and around the Institute is critical—not just for the IEA's sake and not just for the sake of Britain's still-floundering economy. The Institute serves not only as an intellectual center in the U.K. but also as a role model for fledglings in the worldwide network of such institutes.

At a Hobart Lunch I attended in May, Harris asked the assembled guests for their views on what the Institute's future strategy should be. Three positions emerged, neatly capsulizing the choices confronting the Institute.

The first is that the battle for market ideas has been won, so the Institute should concentrate on directly influencing policy by issuing position papers, giving evidence to parliamentary committees, and so on, à la the Heritage Foundation in the United States. In Seldon's military analogy, this would be to join the infantry.

The second position is that the battle might be won, but the perpetual war of ideas continues. Consequently, say advocates of this position, the IEA must keep to its proven formula of providing a steady stream of independent, scholarly, and timely analysis; it must keep on firing its shells and blowing up the enemy.

The third group agrees with the second but also argues for closer and wider links with academia. Economists may be moving toward a better understanding of markets, but hostility from historians, sociologists, and other scholars threatens to undermine the success of market ideas. The IEA should therefore reach out to people in these fields. To advocates of this position, the most important work will always be with the first- and second-hand dealers in ideas—the scholars, intellectuals, and journalists—and never in immediate policy circles.

Whoever wins the strategy debate, the future of the IEA will depend on its people. The team that has made it successful is now retiring. At age 70, Seldon is no longer editorial director but editorial consultant. Harris is soon to step aside. Joan Culverwell has retired. And the ubiquitous John Wood will also step down soon. A colleague of Harris's at Cambridge in the '40s, a close friend and advisor in the '50s and '60s, the IEA's deputy director in the '70s, he is today acting editorial director during the search for a replacement for Seldon. Wood and Culverwell, says Milton Friedman, have "provided the underlying cement that has held the Institute together."

What road the Institute takes over the next 30 years will depend on the leadership it must find and the strategic direction it takes. Among the close to 50 people I talked with in appraising the IEA, there was a clear streak of pessimism. "While one may have a deep attachment to the IEA," commented one London attorney, "it's probably best to let it die—it's run its natural course." Many noted a dilution in its sense of mission and a failure to recruit and hold the next generation of leadership.

"Markets are no longer old-fashioned, and people in the media now ask the right questions. That change is far more basic than the fact that Mrs. Thatcher has done a few things."

And yet, who would have predicted that a chicken farmer and two economists could hatch the radical changes they have? Whatever its future, the IEA has exceeded the wildest expectations of its founders. ◻

John Blundell is executive vice-president of the Institute for Humane Studies at George Mason University.

CONSTITUTION

SERIES

1787-1987

The First Amendment should be as important for kids as their first date—or we'll never celebrate our Tricentennial.

Making This Liberty Stuff Come Alive

by **Nat Hentoff**

At the beginning of *The Paper*, his new book on the history of the *New York Herald Tribune*, Richard Kluger says of the First Amendment: "If this singular blessing were not long and well established, it is uncertain as of this writing whether the American people would now authorize its creation."

Kluger assumes that because the First Amendment is 200 years old, it is sufficiently well established to survive the indifference or hostility of the American people. Is that a safe assumption?

To begin with, I think he is right in speculating that the First Amendment, as written, would be voted down now by a considerable majority of the populace. For it to be approved, that "singular blessing" would have to be festooned with limitations—no racist speech or sexist speech would be protected, nor would speech endangering the "national security" as determined by government officials who would not have to reveal their reasons for insisting on secrecy.

But since we are not going to have a popular vote on the First Amendment—unless the advocates of a Constitutional Convention prevail—is Kluger's confidence justified that these 45 words will continue to protect speech, press, assembly, and freedom of religion because they are "well established"?

Before we go farther, what ought to be remembered is Judge Learned Hand's grim warning: "Liberty lies in the hearts and minds of men and women; when it dies there, no constitution, no law, no court can save it."

A teacher I know in Montello, a small town not far from Madison, Wisconsin, understood what Learned Hand meant. In that town, a group calling itself Concerned Citizens, intent on purifying school libraries, had removed 33 books, among them the collected works of Judy Blume and Paul Goodman's *Growing Up Absurd*. Arrayed against the Concerned Citizens was an ad hoc coalition of teachers, librarians, and libertarians in town. The students, around whom the battle was swirling, were simply spectators, watching the course of combat with varying degrees of interest.

Eventually, the Concerned Citizens were defeated, and the books were returned to the libraries. I expected my teacher friend to be exultant. Instead, she was brooding. The other side would surely regroup, she said, but she expected that and was prepared to fight again. "You see," she said, "the First Amendment is personal to me. It nurtures me."

She was brooding, however, because

RICHARD DOWNS

We the People
The Con

she had a strong sense that the First Amendment, and the rest of the Bill of Rights, was not personal to most of the students in Montello. Indeed, except for her own students, maybe, she wasn't sure that many of those in Montello even knew what was in the Bill of Rights. "If they don't care, or don't know, about their own rights or anybody else's," she worried, "they could lose them when they grow up."

Here's how her prophecy can be fulfilled. The legal phrase that triggers lawsuits to keep the First Amendment working is "state action." When an agent of the state—a legislator, a high-school principal, a police chief—acts to shut off First Amendment rights, the battle lines are clear. But while the state is indeed often the most visible danger to those liberties that make all others possible, Learned Hand was right. The ignorance and indifference of the citizenry can greatly ease the end of liberty. Over time, a populace to whom those freedoms are without value—for they have not become "personal" to them—can sleep through the death of the First Amendment without even knowing that it has expired, as the state moves against free speech and press. That's why, like the teachers in Montello, I worry about the next generation, and the ones after that, caring enough about the First Amendment to know how vulnerable it is.

In my own case, all through high school and into much of college, I was unaware of the First Amendment except as some words in some book under glass. What awakened me was an order by the president of Northeastern University, where I was editor of the school paper, to cease and desist from troublemaking journalism or leave the paper. I left the paper, and ever since then I have been passionately interested in the First Amendment.

Now I spend a fair amount of time in junior high schools and high schools around the country, sometimes to talk about writing, sometimes to talk about the First Amendment. Wherever I've been—from upstate New York to Kansas to Virginia—the ignorance of most of the young about any part of the Bill of Rights, including the First, is startling. *Still* startling. I have yet to get used to it. In fast-track high schools, where the students are on the way to glistening law firms or medical or academic careers, the kids are as deprived of knowledge of their birthright as are students in schools where many of the parents are new to this country.

This means that their teachers have not made the Bill of Rights meaningful. Oh, the teachers know the words, but little of the passionate history and the crucial lesson

"Liberty lies in the hearts and minds of men and women; when it dies there, no constitution, no law, no court can save it."

that if this system is to work, the most odious and outrageous speech has to be as fully protected as the ideas that the teacher or the principal or the local preacher or the local atheist holds most dear.

One Sunday night, I was on a radio call-in program from Indianapolis. High-school students from all over the state got on the line because I was bringing the news that high-school editors, like adult editors, have First Amendment rights. For over an hour I heard horror stories that might have made John Peter Zenger weep. Kids had been summarily suspended for printing stories that were not obscene or defamatory or likely to disrupt the school. (Those are the three exceptions to the First Amendment rights assured public-school students by the Supreme Court in the 1969 case *Tinker* v. *Des Moines Independent School District.*)

Other high-school editors were told by principals that colleges to which the students were applying had been told they were troublemakers and worse. Others had lost whatever school privileges there were to lose.

None of them had ever heard of the *Tinker* case. None of them had the slightest notion that they had rights, that they could get free American Civil Liberties Union lawyers to sue the principals—and win.

Just as in the adult press, not only editors are affected when censorship and the threat of censorship leads to only "safe" reporting. In his 1983 book, *Freedom of the High School Press*, Nicholas Kristof emphasized —and the situation is no better now—that most high-school papers "purvey only pablum....The students shy away from conflict and controversy and learn to be subjects rather than citizens."

Not only the First Amendment is in question, of course. One morning, at a college in Iowa, I was speaking about the growing FBI use of undercover crooks in stings and scams. Afterwards, a young woman came over and said, "I'm so glad you mentioned the Fourth Amendment. I had never heard of it before."

In 1984, Stanley Elam, a former editor of *Phi Delta Kappan*, a justly prestigious journal on education, decided to examine in that publication how well present-day youngsters understand their own and others' rights and liberties in comparison with the American young of the 1950s. Elam polled high-school seniors in 26 states, representing all regions of the country. He compared their responses with the results of a national Purdue Youth Opinion Poll taken in 1951 of members of the high-school class of 1952.

"It is more than a little disconcerting," Elam noted, "to find a larger percentage of the class of 1984 than of the class of 1952 willing to allow a police search without a warrant, to deny legal counsel to criminals and to accept restrictions of religious freedom. It is also discouraging to see so many youngsters uncertain of so many traditional freedoms....Most of those uncertain youths will have the privilege of voting in a presidential election during the same year in which they graduate from high school. They ought to be more vitally aware of their heritage of freedom than they are."

As for the part of their heritage that is freedom of expression, among the hordes of young Americans who have never learned how that principle actually works was a group of students at the State University of New York at New Paltz. A couple of years ago a political-science professor there decided it would be instructive for the students to have a chance to see and debate a representative of the South African government. It was one thing to read about that racist regime, the professor thought, but the students would have a clearer sense of the white ruling class there—its ways of thinking and its sense of the future—if they were exposed to a South African official.

The professor invited a member of the South African diplomatic corps to come to his class. But the diplomat never got a chance to be heard. A crowd of students, white and black, roared and screamed at the South African as he came into the Humanities Building. In the lecture room, although there were students who did want to hear him, the others kept making so much noise that the South African finally had to leave because he was drowned out every time he tried to speak.

As the South African left the campus, a student shouted, "Let the word go out that students on this campus do not allow a racist to speak here!" The word did go out—including to the South African government—that there are Americans, just like the government of South Africa, who suppress speech they don't like.

The logical place for students to learn how to make the First Amendment, and our other liberties, personal is in school. And around the country, there are a relatively few teachers who themselves feel so strongly that this heritage needs constant care that they are able to give the principles of liberty immediacy and personal relevancy. But in most classrooms, the dutiful, routine discussion of the Constitution and the Bill of Rights has as much impact as a lesson on the mean annual rainfall in Jelalabad.

There are, however, alternatives—as varied as the ingenuity and stick-to-itiveness of citizens concerned with the Constitution and wanting to pass it on. For one luminous example, there was a Bill of Rights Day in Charleston, West Virginia. I was there, and it was an experience that might well have delighted Mr. Jefferson and Mr. Madison.

A group of local citizens and the state chapter of the American Civil Liberties Union had decided to introduce high-school students to their liberties. It had taken about a year for the Board of Education to agree to the release of the students for the day. Members of the board had been apprehensive. Something about that phrase "Bill of Rights" made them uneasy.

For a week before Bill of Rights Day, the high-school seniors had been assigned readings and had engaged in class discussions of freedom of speech and press; the tangled relationship between the free-exercise-of-religion and the establishment clause; cruel and unusual punishment; the occasional difficulties in having both a free press and fair trials; and other dilemmas of liberty. On the day itself, the youngsters came, 150 of them, from the city of Charleston and also from "the hollers," the enclaves within the steep hills outside the city. They were divided into 12 groups. In each, the students were given both actual case histories and hypotheticals. In some cases, the students took roles—as in Fred Friendly's public-television series on the Constitution and on health care.

During the course of the day, there were students imagining themselves cops confronted by deliberately provocative demonstrators advocating—but not engaging in—violence. Other students became parents insisting that certain books must be removed from the school because they were plainly obscene, unpatriotic, and blasphemous. Still other students transformed themselves into librarians trying to point out to individual parents and to organized groups of purgers that if library books and textbooks were purchased according to the majority vote of the community, only the least controversial books would survive and the students' minds would have all the strength and resilience of cellophane-wrapped white bread.

"I guess they got a right not to get beat up, no matter what they say, no matter what their signs say. It's hard. But, well, I guess I don't see no other way."

In the group I was working with, the dialogues became quite intense, not only during the working-out of the cases but also during the breaks in the discussion. And I saw much the same level of intellectual and emotional energy in other groups around us.

By early evening, I was through, the students in my group having put the remaining questions to a vote to see if anyone had turned around over the hours. Most had on one issue or another. A number of other groups, however, were still trying to make sense of the Constitution and of each other. I walked over to one of the groups. The students there were being told by a teacher leading the discussion that a bunch of West Virginians, members of a Communist splinter group, had decided to march up and down the streets of Charleston, brandishing red flags. And they were going to carry inflammatory, insulting signs denouncing the president and the Constitution and calling for the overthrow of the government.

The question posed to the students: Do these Communists, even under the First Amendment, have the right to so grievously offend folks on the streets of Charleston? And since they would be calling for the overthrow of the government, was the Constitution intended to be a suicide pact? Was the Constitution intended to give the sworn enemies of our liberty the freedom to gain converts who would help destroy that liberty?

Furthermore, if the march were allowed, some of these Communists—as had actually happened during an aborted demonstration by the Communist Workers Party in Charleston a year before—would surely be beaten up. With this high probability of violence, including probable violence to innocent bystanders, isn't it more vital to protect the public peace by prohibiting the march than to allow it?

The students argued loudly. I was particularly watching a slight young woman with thin brown hair, maybe 17, who had said very little the whole day and had not yet said a word during this discussion. As she listened, looking like a young Sissy Spacek, she was biting her lip; and suddenly, in a soft voice—which somehow silenced all the others—she started speaking very slowly, more to herself than to the rest of us.

"Well," she said, rubbing her nose, "I was there last year when they beat up those Communists. I didn't think about it much one way or another." She bit her lip again. "If I had, I guess I would have done some beating up myself. But now," she screwed up her face, "well, after all I've been hearing and thinking today, well, maybe they do have a right to go out there and march."

She paused, and said even more slowly, "And I guess they got a right not to get beat up doing it, no matter what they say, no matter what their signs say." She shook her head. "It's hard. But, well, I guess I don't see no other way."

The young woman slipped into the background as another senior, shaking his head in vigorous disagreement, said, "No, I don't see that at all. Communists have no rights. They want to take away *our* rights. It's just plain stupid to let them go around doing that. What I say is send them back where they came from!"

"But they're all West Virginians, remember?" said the teacher leading the discussion.

The young man thought about that for a few seconds and said, "Well, let's kick them out of West Virginia. Let's send them to New York or Russia or some place like that."

The debate became more heated, until finally there was a vote, and a majority of the unit sided with the difficult conclusion of the shy young woman who had not said another word.

I was standing next to a woman who lived in Charleston and had helped organize this Bill of Rights Day. "You see," she said "if you just give them a chance to think about these things and work them out inside their heads, this liberty stuff comes alive. Of course, one day isn't enough, but you start any way you can. Why isn't this, or something like it, going on all over the country?"

Why indeed? While there is still, maybe, time. ◻

Nat Hentoff is a staff writer for The Village Voice *and* The New Yorker *and a columnist for the* Washington Post.

"I'm a Free Man Resisting Slavery"

Paul Jacob's fight against the draft

by James W. Harris

The cake had white icing, with red and blue trim. It was decorated with an American flag and a quote from Benjamin Franklin, spelled out in sugary blue letters: "They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety." Underneath was written "Welcome Home, Paul."

The cake was part of a celebration at the Little Rock, Arkansas, residence of John and Jane Jacob. Along with about 50 guests, the Jacobs were welcoming home their son, Paul, from federal prison, where he had served a six-month sentence for refusing to register with the Selective Service System for possible military duty in the future. For Paul, the party was a milestone. It marked the end of a years-long personal struggle against registration and the draft—a struggle that erupted into one of the most highly publicized draft-resistance cases since the Vietnam war.

Jacob's battle against compulsory military duty began in 1978 when, as an 18-year-old freshman at Westminster College in Missouri, he formed a campus chapter of the Libertarian Party. Most of the activities of the Westminster libertarians were directed against proposals for national service and a military draft.

In July 1980, President Jimmy Carter, responding to the Soviet invasion of Afghanistan, instituted draft registration—but stopped short of a draft itself—for all young men born in 1960 (Jacob's year of birth). Jacob, who had moved back to Arkansas and become chairman of the Arkansas Libertarian Party, was by now convinced that registration was an individual-rights issue of overriding importance.

"As Carter started registration, it was clear to me that I wasn't going to register," Jacob recalls. It was also clear to him that "the most effective way to beat it, for those of us threatened with the draft, was to resist."

In January 1981, when the law was broadened to require all men to register when they turned 18, Jacob organized a protest demonstration. It was small—just three or four persons standing with placards and leaflets outside a Little Rock post office. But it marked a major turning point in his life.

"There was no thought in my mind that I would publicly state that I wouldn't register," he remembers. But when reporters covering the demonstration asked him if he had registered, he said he had not and would not. He urged others to actively resist, also.

This brought Jacob a good bit of local publicity. It also brought some unwanted attention: in June he received a letter from Selective Service ordering him to register or face prosecution.

Neither option was acceptable to Jacob. Instead, he chose to defy Selective Service and continue his antiregistration activities underground. He left Arkansas on July 4, leaving no forwarding address.

During the next year he traveled around the country, speaking at colleges and antidraft rallies. On September 23, 1982, an Arkansas grand jury indicted him for failure to register. He was now an FBI fugitive—the first underground draft resister since the Vietnam war.

At that time, 10 other young men had been indicted for failure to register. All had publicly declared that they would not comply, and in traditional civil-disobedience fashion they had submitted voluntarily to arrest and trial. Jacob, however, refused to do so.

"I will not assist the government in their attempt to take away my freedom," he said in a statement released after his indictment. Later he told an interviewer that "to go to court is to allow the men who have been appointed by the politicians who started the program in the first place to decide whether you are innocent or guilty. [I am] concerned with justice. They are concerned with legality. There is a big difference between the two."

Jacob hoped to encourage wider noncompliance by dramatizing how easy it was to avoid prosecution. If he—an indicted, vocal nonregistrant—could travel around the country with relative impunity, then obviously the several hundred thousand quiet nonregistrants, not one of whom had been indicted, had little to fear.

Unlike the other indicted resisters, most of whom were pacifists, Jacob was quick to say that he would defend the country in case of attack. His opposition to the draft stemmed not from pacifism but from a deep commitment to individual liberty. "I am not a pacifist resisting war," he said shortly after his indictment. "I am a free man resisting slavery."

Though he opposed the draft for a number of reasons—including fears that it would encourage U.S. military intervention abroad and that enforcement would lead to severe restrictions on free speech—first and foremost he condemned conscription as an invasion of personal freedom. "The most serious thing wrong with a draft is that it's involuntary servitude—slavery. It's slavery in the same sense as slaves on southern plantations. The only difference is that your master is different and your type of work is different." And registration, he was convinced, was the first step toward resumption of a draft, which had been ended after national soul-searching less than a decade earlier.

Free at last, Paul Jacob, his wife Rhonda Allen, and their friends celebrate his release after six months in prison.

KELLY QUINN

Jacob, who's been described as conservative-looking and the all-American type, remained a fugitive for nearly two and a half years. At first he crisscrossed the country, traveling through more than 40 states and supporting himself by working at odd jobs. Some were provided by friends; others he found on his own, using assumed names and false Social Security numbers. Occasionally supporters donated money so that he could keep moving and not risk working too long in one location.

During this time he frequently surfaced to speak out against the draft and registration. He granted interviews to newspapers and antidraft publications, wrote articles and letters, published an antidraft newsletter, and phoned in comments on the draft and related issues to radio stations in his hometown.

The life of a fugitive began to grow tiresome, though—especially with his wife, Rhonda Allen, expecting their first child. After evading arrest for almost a year and a half, Jacob returned to Little Rock. There he lived quietly with his wife and new daughter, Jessica, until the FBI arrested him on December 6, 1984.

Released the next day on bond ("I sometimes wonder if they didn't time it to coincide with the anniversary of Pearl Harbor"), Jacob used the contacts he had made during his travels to organize a speaking campaign to raise funds for his defense. For the next six months he spoke around the country. Newspaper and radio interviews—and an appearance on the PBS TV show "Late Night America" —brought his arguments to larger audiences.

Jacob peppered his speeches with quotes from the likes of Thomas Paine, the fiery anticonscription orator Daniel Webster, Henry David Thoreau, and other American dissenters, making the point that personal liberty and rebellion against unjust laws are as American as apple pie. (He also liked to quote another well-known American, Ronald Reagan, who during his 1980 presidential compaign had declared that "the draft and draft registration destroy the very values our society is committed to defending.")

Jacob blasted the argument that a draft is necessary for national defense, pointing out that there were already some two million American volunteers in uniform around

the world, a more than sufficient force to perform "their only legitimate role, the defense of our country." The draft, he said, is "an insult to young people. [It] implies that we are too cowardly or too unpatriotic to defend our homes unless threatened with prison sentences."

Jacob also argued that a volunteer military provides an important curb on military adventurism. "The freedom of choice to say no to unjust wars is an important check on the politicians' ability to involve us in such conflicts," he said. "The volunteer system puts the trust where it belongs, with the people. The draft puts the trust where it doesn't belong—with politicians."

To claims that registration is not the same as a draft, and therefore not objectionable, Jacob replied that registration is clearly a first step toward a draft and had been viewed as such by many advocates of the program—such as Army Chief of Staff Gen. Bernard Rogers, who in 1979 urged a Senate committee to adopt "the evolutionary approach" toward resumption of the draft: "First, to start to register and get us accustomed to that...then commence to classification...then, third, start to draft."

Jacob's trial took place in Little Rock in July 1985. He was charged with refusing to register—an offense carrying a maximum penalty of five years in prison and a $10,000 fine. In his defense he argued that Selective Service had violated his First Amendment rights, both by targeting only vocal nonregistrants for prosecution—thus using selective prosecution to crush dissent—and by insisting that the act of registering constituted an endorsement of registration, even though that "endorsement" was *compelled* under threat of fines and imprisonment. He further argued that the draft is unconstitutional and that his refusal to register was therefore not a crime.

Jacob had no illusions about his prospects in court. "I realized I had very little chance of winning," he says. Instead, his goal was to publicize his views—to "put the draft on trial." To this end he persuaded 1980 Libertarian Party presidential candidate Ed Clark and former Republican Congressman Ron Paul to testify against the draft at his trial. Both, Jacob says, did "terrific jobs."

Paul, who had introduced legislation in Congress to end draft registration, commended Jacob's stance as "a position only courageous people can hold." The prosecuting attorney confronted Paul with Jacob's voter registration card—Jacob had written "Smash The State" on it—and asked, "Is that an opinion or an attitude that...finds support among people of your philosophy?" Paul replied that during his last years in Congress he had voted against "99 percent

"Not everybody who's against the draft is a commie, a pacifist, or afraid to fight."

of the expenditures of the state....I don't use those words ['Smash the state'], but if you took my voting record, I certainly would reduce the state in a very significant manner....It's a threat to the individual liberties not only of Paul Jacob but to every single solitary person in this country."

Jacob was also able to subpoena Selective Service head Thomas Turnage—a first among registration resisters. Turnage asserted that, in his view, the high rate of compliance with registration did indeed constitute an endorsement of the program.

Jacob and his lawyers suffered two major setbacks in their planned defense, however. They were not allowed to inform the jury of the long-established legal principle of jury nullification, whereby jurors can refuse to convict a defendant of breaking a law that they deem unjust—a principle used widely during Prohibition. And the judge refused to allow the jury instructions prepared by Jacob's lawyers, which clarified and amplified many of the First Amendment issues involved in his case.

Given this, a guilty verdict was virtually a foregone conclusion. Jacob was sentenced to five years in prison, with four-and-a-half years suspended provided he do two years of "community service" eight hours per week. He was taken immediately to prison.

Despite the verdict, however, Jacob feels that in a real sense he won the trial. One juror, he learned later, told a reporter that most of the jurors basically agreed with his philosophy and thought he had done the right thing. However, the jury instructions were such that they felt they had no choice but to return a guilty verdict.

Jacob spent the first month of his sentence in a county jail in Little Rock. His cell mate was a Vietnam veteran who said prison officials had told him he could do whatever he wanted to the "draft dodger" without fear of punishment. The vet instead became good friends with Jacob and sympathized with his cause. Eventually Jacob was transferred to a prison camp at Seagoville, Texas, where he served out his term.

During this time he received "countless" letters of support from family, friends, and others across the country and abroad —so many that his fellow prisoners jokingly asked if he were paying people to write. He also continued receiving donations to help with legal bills and family expenses.

After being released from prison, Jacob encountered yet another shock. According to the conditions of his probation, he was forbidden to speak publicly about the draft, Selective Service, his prison stay, and related topics. So much for the First Amendment. Even more incredible, his probation officer, an officer of the court, told him that it was his speaking out against the draft that had gotten him into trouble in the first place—precisely what Jacob had tried unsuccessfully to argue in court!

Jacob and his lawyers immediately protested and filed motions. Local newspapers spoke out strongly against the restriction; largely because of this publicity, the proviso was dropped.

Upon his release from prison, Jacob went home to Little Rock, where he attended law school at the University of Arkansas. To fulfill his community-service obligation, he worked at Easter Seals. After completing a successful semester in law school, Jacob moved east with his family. Now he and his wife both work at the Cato Institute, a free-market think tank in Washington, D.C., where he is sales director and mailroom coordinator and she is assistant to the president. To complete his community-service requirement, Jacob is an "active listener" at a northern Virginia crisis hotline. In the near future he expects to go back to school to study either law or history.

And he remains very active in antidraft activities. In addition to speaking around the country and serving on the Libertarian Party National Committee, Jacob is cofounder and president of Volunteers for America, an organization designed to promote the concept of a volunteer military and to provide a support network for draft resisters.

"Our position is that the volunteer system is the best, both tactically and morally. It's very important that people realize that not everybody who's against the draft is a commie, a pacifist, or afraid to fight—that you can be against the *draft* without being against the *military*. We want a military that defends our country, and defends it in keeping with the best values of our country."

After eight years of fighting registration and the draft, Jacob is more convinced than ever of the importance of educational efforts and active resistance. "I have never believed that the battle against conscription would be won in the legal area," he says. "Only by speaking out and convincing the American people that the draft is unjust, unnecessary, and dangerous can we ultimately stop it." ◻

James W. Harris is a free-lance writer in Columbus, Georgia.

By Warren Salomon

They're Lookin' at You, Kid

You must remember this, a kiss is just a kiss...

Even in this crazy business, certain fundamental things apply. Details and section numbers may change, but one thing is eternal—the "crime" of tax evasion. It's the essence of our "voluntary" tax system, the rock upon which the state is built.

Lots of folks are probably cheating a little on their taxes. That's why the feds audit us. About 1.3 percent of individual tax returns were examined in 1985. But audits rarely lead to criminal prosecution. Most end in settlements, or sometimes in Tax Court. These are civil cases, where the stakes are taxes and penalties, not time in the slammer. (Thus the folklore that mere tax *avoidance* is "legal.")

We like to think we're civilized; we don't jail people for debt. That's why the mere failure to pay taxes or file a return, even when willful, is only a misdemeanor (Section 7203—one year or $25,000 or both). But filing a *false* return is a felony (Section 7206—three years or $100,000 or both). The fines for corporations are more, and the penalties apply separately to *each year* of *each* offense, for you *and* your company, and are in addition to big civil fraud penalties. It can really add up.

But willful tax *evasion* is even more serious. The penalty (for each annual offense) is five years or $100,000 or both. To convict you of tax evasion under Section 7201 of the tax code, the feds have to prove three elements: besides showing that some additional tax is owing, they have to prove an affirmative act of tax evasion, plus willfulness. It's not difficult to prove those things (and paying up after you're indicted may not help; it may even be used as an *admission* that you cheated).

Willfulness and affirmative acts are interrelated. If the feds can show a pattern of keeping two sets of books, or no books, or bank accounts under an alias, or some other scheme, or if they show you've been destroying records or lying to IRS agents, they've got it made.

But without your records, how do they prove that you owe more taxes? Greatly simplified, there are three ways:

1. Specific items: This can be a killer, because all they need to show is *one* concealed sale, or *one* fictitious name on your

payroll (where you probably signed the back of the check and cashed it), or *one* instance of anything. They don't have to prove (or know) everything.

2. Bank deposits: They can get your bank records as easily as you can (usually), and all they need to show is that your deposits exceed your reported income. They've made their case. Now it's your turn. Sure, you might prove that some of those deposits were interaccount transfers, or loans, or gifts, or something, but what about the rest?

3. Net worth: Here, they show that your outlays for investments and living expenses exceed your reported income and savings. Suppose—after years of reporting trivial income and borrowing from small loan companies—you pay all cash for your house. Where'd the money come from? It's presumed to be unreported income. Now you have to prove a nontaxable source of the funds.

Suprisingly, fewer than 10,000 fraud investigations are conducted annually, resulting in fewer than 2,000 actual cases. More than half result in guilty pleas. Of maybe 700 trials, about half end with convictions. Such is the effectiveness of this "state-sponsored terrorism" that a few hundred annual convictions are sufficient to keep us in line.

How do the feds decide whom to prosecute? There are a hundred million taxpayers and only 80,000 wretches in the IRS. The feds can't attack everyone, and they don't. They strive for maximum deterrent value by prosecuting only the strongest cases, preferring high-profile defendants. So they go after Max Megabucks, a case they think is a sure thing and likely to strike terror in the community where Max is a prominent citizen.

But still, how do they find him?

Often it's luck. Some fraud cases arise routinely from normal audits, where the revenue agent stumbles across unmistakable evidence of cheating. Or they can come as "referrals" from other bureaucracies.

And then there's greed. The IRS pays a bounty of up to 10 percent to stoolies. Another tool of the trade is cowardice. All they need to do is arrest your trusted bookkeeper for possessing a gram of some illegal substance, and he'll hasten to make a deal: "Spare me, and I'll tell you about my boss, Max Megabucks, who's been evading taxes for years." Forget about gold; the IRS operates on the sleaze standard.

In addition to luck, greed, and cowardice, the feds have other assets at their disposal—hatred, vengeance, and jealousy. A disgustingly large percentage of cases begin with informants: ex-spouses, ex-sweethearts, ex-partners, employees, customers, competitors, etc.

"Ah," you're saying to yourself, "perhaps the former wife of Max Megabucks squealed to the feds, but my own sweet darling would never do such a thing."

Really? Probably that's what Max Megabucks thought too. Anyway, this brings us to the great Cosmic Rule of Tax Evasion: *Trust no one.* If your scheme requires accomplices or involves witnesses, you would be wise to forget about it. Weak individuals are the strength of the state.

"No," you insist. "My own sweet darling—who is also the keeper of my two sets of books—will stand by me forever." Sure. And if you believe that, I've got some land in the Everglades you'll want to invest in.

The conclusion is this: Even if you're brilliant, it's not easy to evade taxes and get away with it. The feds have been working in that sewer since 1913. They're at home in muck, and you're not.

On that you can rely...as time goes by.

Warren Salomon is an attorney and tax specialist practicing in Miami.

spotlight

By John Dentinger

Market Marketeer

When John Goodman tried his hand at politics in the '60s, he lost the big one. Lloyd Doggett beat him in the race to become student-body president of the University of Texas at Austin, a school Goodman describes as "a training ground for politicians like John Connolly."

Doggett went on to become a Democratic state senator and gained a fleeting bit of national fame in 1984 by running for the U.S. Senate against Democrat-turned-Republican Phil Gramm. (Gramm won.)

Goodman, who despite his student-government ambitions had never actually intended a career in politics, served two involuntary years in the army, earned an economics Ph.D. from Columbia in 1976, and bounced around the academic world a bit. But in 1983, he got back into politics—this time on the idea side.

Goodman says his student-government days taught him it's "pointless to expect change by the election process unless there's a change in the thinking of the public." To create that change, he founded the Dallas-based, free-market-oriented National Center for Policy Analysis (NCPA) in 1983.

NCPA's work reflects Goodman's own intellectual roots. He says his economic views come largely "from Milton Friedman and his students—the whole University of Chicago approach" and from the public-choice paradigm developed by James Buchanan and Gordon Tullock. (Goodman's doctoral dissertation, "The Market for Coercion: A Neoclassical Theory of the State," used public-choice ideas to apply economics to politics.)

His philosophical views were strongly influenced by novelist-philosopher Ayn Rand—so powerfully, he says, that it took some years to put her ideas into perspective: "At that time it was easy to get sucked into the belief that Rand had all the answers."

From these strains of free-market, individualist thought, Goodman has created a think tank that he believes should appeal to liberals and conservatives alike. But he also believes that ideas, like products, don't just sell themselves. "Ralph Nader," he says, "knew how to market an idea."

NCPA's books and studies—on health care, Social Security, education, the federal deficit, and defense—have attracted plenty of media attention, thanks to a strategy that stresses news as well as views. "We take an investigatory approach—dig deep and find something new. We have an exposé streak to our studies," says Becci Breining, the center's public-affairs director.

***John Goodman:** "Ralph Nader knew how to market an idea."*

In 1984, for example, NCPA was the first to reveal, using recently declassified U.S. intelligence reports, that the Soviets have enough "killer satellites" to destroy all U.S. and NATO military satellites in low orbit in one week. The study was covered by Dan Rather on the CBS Evening News and featured in two national wire-service reports.

Such coverage is the dividend of careful planning. Goodman, who calls himself a workaholic, has written books and monographs for several other think tanks. He observes that most research institutes commission a study, produce it, publish it, and *then* take it to the PR department with the order, "Go sell this."

"In the private market," he says, "companies that produce products that way go bankrupt." Before NCPA takes on a project, it asks questions: Do we have anything new to say on the subject? Is there a market? How do we reach that market? "The marketing is there throughout, not tacked on at the very end. And that makes all the difference. It influences how studies are written, how they look, what's stressed and what isn't."

Drawing on public-choice theory, many NCPA studies stress incentives. For example, public schools are paid according to student attendance, not student performance. So they buy half-million-dollar computer systems—not to educate students but to telephone parents to tell them their children were not in school that day. Goodman suggests making at least 20 percent of school revenues depend on academic achievement.

He is proud of the bridges the center has built between right and left: "We've made more headway than any major institution I know of in getting traditionally liberal groups together with traditionally conservative groups and giving them a common focus ... One reason that we are getting a lot of attention is because we aren't getting bogged down in the old traditional policy arguments between conservatives and liberals."

One NCPA study, for example, detailed government destruction of the environment and pointed out the advantages of private stewardship of ecologically valuable areas. Another showed that the 1982 Social Security "reforms" would result in a massive transfer of wealth from blacks to whites, who have longer life expectancies and therefore more time to collect retirement benefits.

"On Social Security, we were in touch with the League of United Latin American Citizens and Jesse Jackson's Operation PUSH. A bill, HR-3505, sponsored by Cardiss Collins, a black liberal Democratic congresswoman from Illinois, would go 90 percent of the way toward privatizing Medicare. We're also dealing with laws which prevent women from working at home, allying feminists with traditional conservatives," says Goodman.

Looking for markets, working long hours, building alliances—it's all so practical. But Goodman, now 40, has his romantic side. On those rare occasions when he does get away, he wants to get away completely: "I love escapist fiction: Trevanian, Robert Ludlum. And escapist—romantic—movies. When I vacation I like to take escapist vacations like Puerto Vallarta and Acapulco. None of this climbing through castles and walking through churches."

For John Goodman, a man's think tank is obviously his castle.

John Dentinger is a free-lance writer in Los Angeles.

Who Was AYN RAND?

One of the most powerful advocates of reason, individualism and capitalism of our time. Five years after her death, the influence of Ayn Rand continues to grow. Find out why she remains one of the most provocative and controversial figures of our time.

THE AYN RAND LEXICON: Objectivism from A to Z

edited by Harry Binswanger, with an introduction by Leonard Peikoff

Ayn Rand was a systematic thinker, yet her insights in philosophy, political theory and other subjects are scattered throughout her books, essays and lectures. Now you can turn to topics like "REASON," "PROPERTY RIGHTS," "RACISM" and "WELFARE STATE" to read what she really said, without distortions. CENSORSHIP, FREE WILL, PRAGMATISM, CAPITALISM, SOCIALISM—nearly four hundred other topics!

AR4481 (hardcover) **$19.95**

THE PASSION OF AYN RAND

by Barbara Branden

Five weeks on the NY Times bestseller list, and more than 80,000 copies in print! Born in Czarist Russia to Jewish parents, Ayn Rand lived through World War I and the Bolshevik revolution, vowing to escape to the West where she would make her mark as a novelist and philosopher. *"Rand flung her gigantic books into the teeth of an intelligentsia still intoxicated by state power....she was one of the great benefactors of the modern world....A superb biography written with much of the sweep, drama and narrative momentum of the great works of Ayn Rand herself."—George Gilder, Washington Post Book World.*

AR4404 (hardcover) **$19.95**

THE AYN RAND PERIODICALS

For nearly fifteen years, from 1962 until mid 1976, Ayn Rand and her associates waged an intellectual war against the establishment, in fields as diverse as politics and aesthetics. Tens of thousands of people read them, and their intellectual range and power was staggering. Don't miss this chance to acquire—COMPLETE—bound volumes of these incredible publications, a key part of the intellectual history of our time.

THE OBJECTIVIST NEWSLETTER (1961- 1965)
OB4178 **$24.95**

THE OBJECTIVIST (1966-1971)
OB4179 **$39.95**

THE AYN RAND LETTER (1971-1976)
OB4180 **$29.95**

THREE HARDCOVER VOLUMES IF BOUGHT INDIVIDUALLY ~~$94.85~~

SAVE $15!

OUR SPECIAL PRICE FOR ALL THREE: **OB4181** **$79.85**

ATLAS SHRUGGED

by Ayn Rand

What happens to the world when the men and women of creativity and productive ability go on strike against parasites and government looters? Find out in this towering mystery novel that doubles as a moral defense of capitalism. *"It's magnificent!"*—Bennett Cerf. *"The most important novel of ideas since WAR AND PEACE"*—George Gilder.

AR0170 (hardcover) **$26.95**

THE AYN RAND COMPANION

by Mimi Reisel Gladstein

This Companion presents the first overview of the complete body of Ayn Rand's writing: her fiction, her nonfiction, her admirers and her critics. And more! A concise biography, critical and analytical essays, and a fascinating "compendium of characters" that provides the ONLY published catalog of all of Rand's fictional characters. Contains a fifteen page bibliography.

AR4439 (paper) **PUB. PRICE $12.95**

OUR PRICE ONLY $10.95

THE PHILOSOPHIC THOUGHT OF AYN RAND

edited by Douglas Den Uyl and Douglas Rasmussen

In this major addition to Rand scholarship, nine philosophers assess the major contributions of her work in the fields of metaphysics, ethics, and politics. Indispensable for evaluating Rand's serious contribution to Western thought!

AR4438 (paper) **PUB. PRICE $14.95**

OUR PRICE ONLY $12.95

FREE WITH ANY ORDER! *The PLAYBOY interview with Ayn Rand!*

CIRCLE YOUR CHOICES AND SEND US ENTIRE PAGE OR...

★ ORDER TOLL-FREE ★

1-800-238-2200 EXT 500

Charge your Visa or Master Card
Continental U.S. 24 hours a day. 7 days a week

OR *Send your order to* **LAISSEZ FAIRE BOOKS**
Dept. RBB 532 Broadway, NY, NY 10012
Enclose $2.50 US Mail of $4.00 UPS postage & handling ($2.00 per book on foreign orders.)

MONEY BACK GUARANTEE *If for any reason you are dissatisfied with any book, just return it within 30 days for a refund.*

LAISSEZ FAIRE BOOKS
Dept. RBB **532 Broadway, New York, NY 10012**

☐ Send me your FREE 32-page catalog of books on liberty.

☐ Check or Money Order ☐MasterCard ☐ Visa

CARD NO. EX. DATE

SIGNATURE

NAME

STREET

CITY/STATE ZIP

© 1987 Laissez Faire Books

life & liberty

What's Red on the Outside and Gray Inside?

By Tibor R. Machan

"Life seemed fairly free. After all, I could walk out of my hotel at any time and no one seemed to care. There was no look of continual terror in the eyes of Soviet citizens."

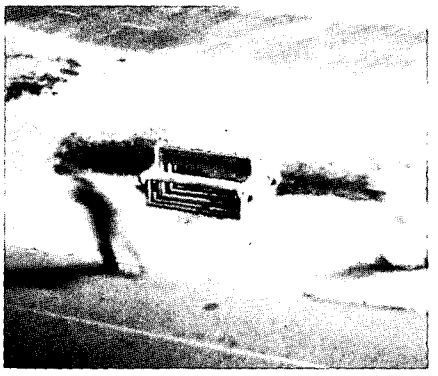
These words, written by one of my students at Franklin College, a small American school in Lugano, Switzerland, voice the sentiments commonly heard from sympathetic visitors to the Soviet Union. But even he cannot ignore signs that this "fairly free" life is not, after all, so free.

He goes on: "Yet I felt something, a force that was strong but very much invisible. I slowly began to see the mysterious face of this force. But these images were fleeting. A boy stops to talk to you; a man approaches; the boy runs. A man grips your Soviet guide by the arm after an embarassing scene committed by your group. He whispers quickly in her ear; her expression becomes submissive and frightened. And then he is gone as quickly as he had arrived. Encounters like these made me realize that the imagined force was very real."

Many Franklin students have such experiences; the college requires two weeks of academic travel in Europe each semester, and many people choose to visit countries in the Soviet Bloc. On their return, many for the first time find reason to consciously choose life in the West.

The preparation for Franklin's academic travel has an apolitical, amoral flavor; professors play down political acrimony. In briefings before the trips to the East, they give students pointers on how to cope with the extensive bureaucracy at the borders, advise them to avoid offensive questions or actions, and tell them to respect security prohibitions and national symbols in these countries.

The theme of these briefings—for prudential if not ideological reasons—tends toward conciliation. The trip itself aims mainly to acquaint and inform, not to engender political convictions. Students are discouraged from focusing on what might be morally



offensive in Soviet Bloc countries; they are going to a different part of the world and should be prepared to observe the culture more as amateur anthropologists than as critical inspectors. Special emphasis is placed on observing ordinary life and activities. The college's excellent contacts throughout the Eastern Bloc make it possible for students to leave the usual tourist path and at least look in on everyday life under communism. What they find, however, usually leaves them with a low regard for life in these countries, however tolerantly viewed.

The atmosphere in the Soviet Bloc leaves a special impression on students. It is not so much the dire poverty—the sort one can see in Mexico City, New York, or Hong Kong. Rather, it is the grayness, both psychological and literal, that pervades everything. Joy is rare on the faces of the people—despite occasional laughter. Even the more lively eastern states, such as Hungary and Yugoslavia, lack cheerfulness. The moroseness of the officials, the predictability of monuments celebrating the socialist system, the banality of the slogans that hail the state for good deeds—all these, and more, leave the students with an impression that life cannot be promising in these societies.

"We rarely saw any genuine luxury and casual elegance, such as we see in even the worst spots of the West," noted one student. A visitor to the Soviet Union wrote that "Leningrad was beautiful—but the audience at the ballet smelled drunk." Said another: "Of course life is fairly calm in Prague, but it's bleak and unwashed. And most people look weather-beaten. They seem to have all lived rough lives." The absence of inventiveness, entrepreneurship, vivacity and enthusiasm for life simply could not be missed by even the most distracted students.

For a few, it was news that citizens in these countries didn't seem to hate Americans or the West. Apart from the official slogans, little evidence of ideology could be found. "The people of East Germany seemed eager for news from the West. They greeted us with curiosity in their eyes, as if we held out some promise for them, even though they knew we would simply look around, talk with them briefly, and then leave."

Brief visits to cultures don't suffice to produce understanding, a point stressed by the traveling professors at Franklin College. Some students dismiss their impressions; others, however, cannot shake them and sometimes even begin to see cause for the East / West conflict.

In a contemporary political philosophy class at Franklin College, during the Reagan-Gorbachev summit in Geneva and the U.S. conflict with Libya, I was explaining the Marxist conception of the socialist stage of humanity's progress and the Soviet interpretation of Marx.

"But," asked one student, "why are dissidents in the Soviet Union regarded as insane or traitors?"

"Because from the idea that humanity is an organic body—a whole and integrated unit (like a team), not a mere collection of disparate individuals as some Western theorists would see the matter—the position makes perfectly good sense. The dissident is quite logically treated as an obstacle to progress."

One student just back from the USSR patiently heard out this explanation, but at the end of the presentation another shook his head, saying: "Whatever the fancy reasons, there just can't be excuses for such policies by any regime, South African or Soviet."

Senior Editor Tibor Machan now teaches philosophy at Auburn University.

TAX REDUCTION FOR THE PRIVATE INDIVIDUAL AND THE BUSINESSMAN

THE CONTRACTUAL COMPANY is Best for: Tax Avoidance, Investment & Business Services

The individual may stand upon his constitutional rights as a citizen. He is entitled to carry on his private business in his own way. His power to contract is unlimited.
— Judge Brown in Hale v. Henkel 201 U.S.74 3/12/1906

Anyone may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the treasury. There is not even a patriotic duty to increase one's taxes.
— Judge Hand in Helvering v. Gregory 69 F 2d. 810 (1934)

Achieve ...

I — Continuity of Existence
II — Limited Liability
III — Centralized Management
IV — Flexibility

Avoid Probate, Death and Inheritance Tax and Capital Gains Tax; Reduce Income Tax

Write or Call for Information

International Societé Of Independent Business Administrators
Information Center For The Pioneers Of The Offshore Contractual Company

P.O. Box FH 14547 Nassau, Bahamas • (809) 322-8445, 322-8446, 322-8447, or 324-2787

Secrets Of Tax Havens

by Robert Chappell

Introducing... A Legal Method That Has Been Working Effectively For Generations

- Money savings previously known and used only by the "Super-Rich"
- Avoid death and inheritance taxes
- Eliminate the necessity for a Will
- Avoid probate & Reduce income tax
- Avoid Capital Gains taxes
- Protect property against seizure, confiscation, liens, and judgments
- Contractual companies, key business forms and their use explained

Send $9.95 Plus $1.25 Postage & Handling

About The Author:
Robert Chappell is a self-made success story. He has founded and served as president of two insurance companies and is a recognized expert in legal tax avoidance. Mr. Chappell has resided in many foreign tax haven jurisdictions, is well versed in tax law, and has been the successor in many battles with the I.R.S. He possesses an unusual knowledge of tax matters, from both practical experience and training.

Mail order to:
ABM Publishing Company
P.O. Box 10 • Orinda, CA 94563

Please send ____copies of **SECRETS OF TAX HAVENS** @ $9.95 each plus $1.25 postage & handling. **10/$70.25 postpaid 100/$597.00 postpaid**

Name _____

Address _____

City, State, Zip _____

R

Another Place and Time...

Turn back the clock to a time of charm, comfort and serenity. To a place that captures Eleuthera at its best... including views of ancient cliffs and the timeless ocean.

Located on the outskirts of beautiful Rock Sound, The Rock Sound Club rekindles the refreshing, easy ambience once enjoyed by Colonials and Eleutherian Adventurers alike... an enchanting treat for today's vacationers who appreciate turn-of-the century charm and hospitality along with present day conveniences.

Learn about tax reduction for the private individual or the businessman and enjoy the Bahamas while attending tax-deductible Financial Planning Seminars. Only $85.00 single or $135 double, includes room and meals.

The Rock Sound Club
Hotel and Restaurant

(809) 322-8445, 322-8446, 322-8447, or 324-2787
Call or Mail Coupon For Information:
P.O. Box FH 14547 Nassau, Bahamas

Please send information on: ☐ Financial Seminars ☐ Contractual Companies

Name _____

Address _____

City, State, Zip _____

Phone: _____

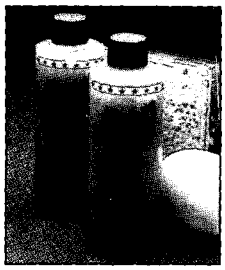
R

MAIL ORDER MALL℠

A COLLECTION OF FIRST CLASS CONTEMPORARY MAILORDER PRODUCTS

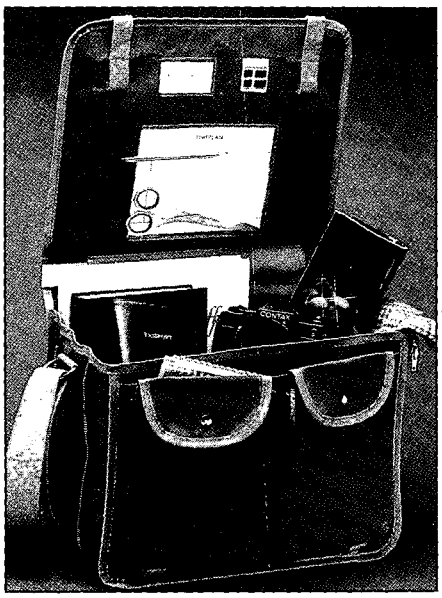
When was the last time you learned the ins and outs of a product from a sales clerk? Mail Order Mall gives you high information value shopping. The products here have been researched, used and evaluated carefully and we provide all the relevent information. You can buy with the confidence of knowing exactly what you are getting — high quality, good value and satisfaction guaranteed.

FOOD FOR WOOD



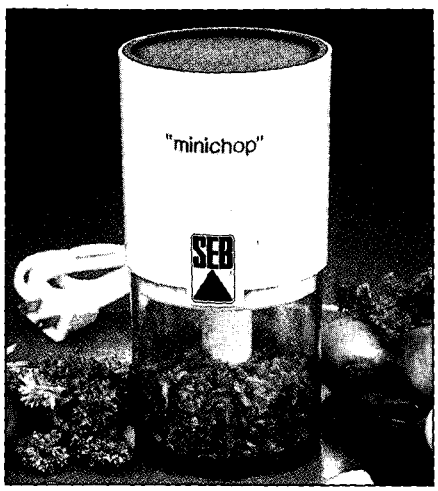
Most of the convenience waxes you buy actually dry out wood instead of nourishing it. What's the alternative? Our choice is Williamsville Wax. It is made of beeswax and lemon oil, heat-blended with other natural oils. It can be used on any type of wood, any type of finish, on paneling or kitchen cabinets as well as fine furniture. Williamsville Wax is super for restoring neglected or mistreated wood. Two 8-oz. bottles cost **$13.00** ($2.95) #A14312.

BOOKBAG



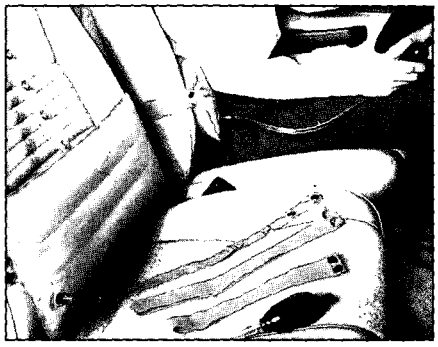
This oversize bag is an overwhelming success with photographers, artists, students, musicians, dancers, opera singers, nuns, poets, duck hunters, cyclists, plumbers, teachers, reporters and travelers... because it's a versatile labyrinth of roomy pockets. Made of water resistant canvas-like fabric that wears like iron, the bookbag has an unusual zipper design that enables the bag to expand to double its normal width—to a full 8 inches. It also has two outer pockets in front and a large back pocket. An adjustable 2" wide strap makes the burden easier. Choose grey #A1707. **$29.00** ($4.95).

CHOP, CHOP, QUICK, QUICK



Food processors are great for big slicing jobs, but have you ever tried to mince parsley in one? You end up with a combination of chunks and parsley juice. From France, where mincing is an art and garnishes are *de rigueur,* comes the electric Minichop for all those in-between jobs that are too tedious to do by hand, too small or delicate for a full-size processor. The Minichop gives you fine even chopping for onions, garlic, fresh herbs; works on nuts, coffeebeans, peppercorns; even makes babyfood. It is simple to use and a snap to clean and costs **$32.00** ($3.95) #A1107.

BEATING DRIVER'S BACK



You know Driver's Back, that painful tightening of the lower back muscles that does nothing but get worse as you struggle to get comfortable in a car seat that feels like it has been designed for a being from another planet. The Spine Spoiler back support system lets you customize the seat to your back, thus relieving strain and providing proper posture control. The beauty of the Spine Spoiler is its fine-tuned adjustability — you can get the position and inflation to exactly the place that is right for you. The 2 way harness works with bucket and bench-type seats (and will also fit most chairs, including office chairs). The air cushion is made of a silky nylon fabric with detachable inflator pump. Deflated it fits easily in bag or briefcase. The Spine Spoiler has enthusiastic recommendations from doctors and professional drivers and costs **$21.00** ($3.95) #A1512.

GIVING DUST THE BRUSH

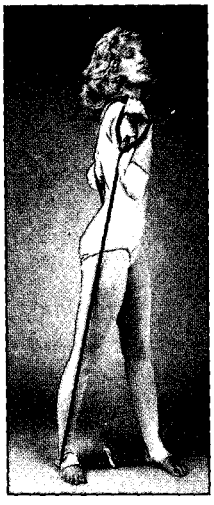
Saving energy means paying attention to the small things around the house — like the refrigerator coils. Once these coils become coated with dust, the efficiency of your refrigerator drops dramatically. Simply cleaning the coils — and keeping them clean — can reduce your refrigerator's electric consumption as much as 10%. This brush, angled and with tapered bristles, is designed to clean deep in the coils where vacuum cleaners and dust cloths won't reach. It is a full 27" long with 12" of bristles and a sturdy 15" wooden handle. **$8.00** ($1.95) #A427.

IT SWIVELS!

Backless "Back" Chairs have solved the age-old problem of proper seating, aligning the body on its natural axis so that sitting does not stress spine or back muscles. The redistribution of body weight is dramatically more freeing, natural, comfortable. But until now you had to give up mobility to sit this intelligently — these chairs were unidirectional and if you needed to change orientation you had the awkwardness of moving the whole chair. Finally it swivels! In its brand-new swivel incarnation, the Back Chair is suited for use at any work station, desk or table. The reinforced oak 4-star base has commercial-quality dual-track casters for easy maneuverability over carpets or floors. Effortless swivel action. Manual height adjustment. Gray poly-cotton fabric over plush cushion. This is a new twist on a good idea and until you use it you don't know how relaxed and productive you can be sitting down. The price is a nice turn too, only **$69.00** ($11.95) #EVA1337. Minimal assembly.

MAIL ORDER MALL℠

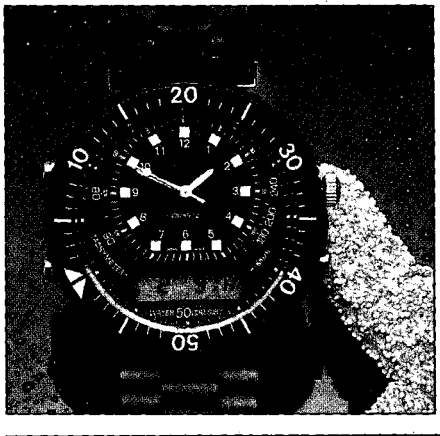
PUMPING RUBBER



The Lifeline Gym is the most space efficient, time efficient home fitness device on the market today. It allows you to simulate just about any of the exercises done on the expensive machines found in health spas and gymnasiums. The reason is rubber — a stretchable rubber cable of the type used on aircraft carriers. With this rubber cable, resistance increases with movement — your muscles are challenged through their full range of movement. And because you have to resist its tendency to snap back on the return move, you gain a double benefit from your effort. You overcome positive *and* negative resistance in the course of each exercise. **$46.00** ($4.95) #A748.

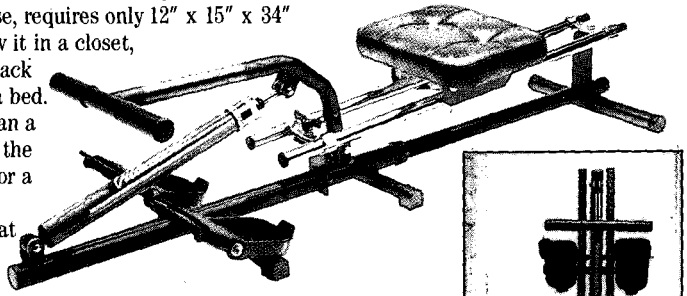
DIVER'S WATCH AT A ROCK-BOTTOM PRICE

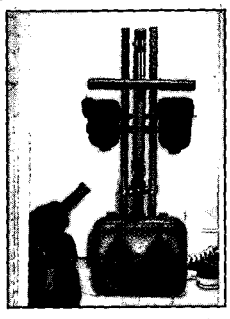
The Diver's Watch, priced under $50, is rated waterproof to 5 atmospheres (over 150'). The movable bezel, case and band are all "black chrome" plated in a rugged matte finish. Two sunken faces provide fully independent digital and analog timekeeping, so you can set one face to home time and one to travel time. Date, day and month display; alarm; 1/100 second chronograph with lap timer; choice of hourly chime, 12 or 24-hour format. Precision Japanese movement. 1-yr. warranty. **$39.00** ($4.95) #A1490.



STOWAWAY ROWER

Rowers require elbow room. But when the workout is over, why have your home looking like a health club? The new Stowaway Rower from Vitamaster slides shut after use, requires only 12" x 15" x 34" storage space. Stow it in a closet, behind a door, in back of a couch, under a bed. Takes less room than a suitcase, packs all the quality you need, for a first-class workout. Padded contour seat with nylon roller riding on chrome rails for comfortable quiet rowing action. Single rowing arm with hydraulic tension resistance, 12 dial-adjustable settings, from ladylike to linebacker strength. Hefty tubular steel construction. No-Mar foot pads protect floor or carpets. Fits nicely in a budget, too, only **$99.00** ($11.95) #VMA1522.

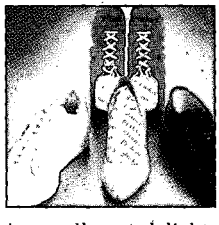




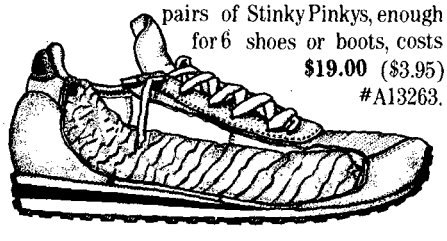
INFRARED IMPROVEMENT

Home infrared heat treatments are an increasingly popular form of natural pain relief. Now the means of applying that heat have been significantly improved. Heating surface has been tripled, the larger contour head comfortably angled for reaching neck and back. The replaceable interior infrared bulb is now 10w, giving 45% more heat. The new Infralux relieves muscular aches and pains, sinus headaches, arthritis, bursitus, backache, neuralgia. Reaches deeper than heating pads or hot water bottles. Dilates blood vessels, increases cell metabolism, soothes irritated nerves. UL-listed. **$39.00** ($3.95) #A1524.

STINKY PINKYS



Fortunately, human anatomy is arranged so the nose and the feet are separated by the greatest possible distance. Even so, the twain do occasionally meet — and the nose is usually not delighted to know of the foot's exertions. Now just put a Stinky Pinky "sock" in each shoe and overnight odor is gone, absorbed by the special blend of all-natural earth materials. Works in running shoes, sneakers, boots, leather shoes, anything that goes on your feet. And keeps on working, too — just put Stinky Pinkys out in the sun for a day every three months or so to restore their odor-catching ability. Three pairs of Stinky Pinkys, enough for 6 shoes or boots, costs **$19.00** ($3.95) #A13263.



ORDERING INSTRUCTIONS AND GUARANTEE: *We ship via United Parcel Service wherever possible to insure prompt delivery. The price of each item is shown followed by its shipping and handling charges in ( ). Be sure to add the item price* ***plus*** *shipping and handling charges for each item ordered to arrive at the* ***total price*** *of each item. If you are not satisfied for any reason, return the article to us within 30 days, and we'll exchange it or refund the item price per your instructions.*

MAIL ORDER MALL

FOR FASTEST SERVICE ON CREDIT CARD ORDERS CALL TOLL-FREE 800-334-7777 IN NEBRASKA CALL 1-800-642-9900

DEPT. RSA07; 400 S. DEAN ST., ENGLEWOOD, NJ 07631

ABOVE NUMBER IS FOR ORDERING ONLY. FOR CUSTOMER INQUIRIES CALL (201) 569-9717.

SEND TO (PLEASE PRINT)	ITEM NO.	QUANTITY	DESCRIPTION/COLOR	ITEM PRICE	SHPG. & HNDLG.	TOTAL PRICE
ADDRESS						
CITY STATE ZIP						
ENCLOSED IS A CHECK OR MONEY ORDER FOR $ PAYABLE TO MAIL ORDER MALL						
☐ MASTERCARD ☐ VISA EXP. DATE						
ACCOUNT #						
SIGNATURE					**TOTAL AMOUNT**	

(Sorry, we cannot handle Canadian, foreign or C.O.D. orders.) Please allow 30 days for delivery from our receipt of your order.

©1986 MAGALOG MARKETING GROUP INC.

ADVERTISEMENT

the book case

The Facts Are Right, but the Facts Are Slight

By James M. Buchanan

The Capitalist Revolution: Fifty Propositions about Prosperity, Equality, and Liberty
By Peter L. Berger, New York: Basic Books, 262 pages, $17.95

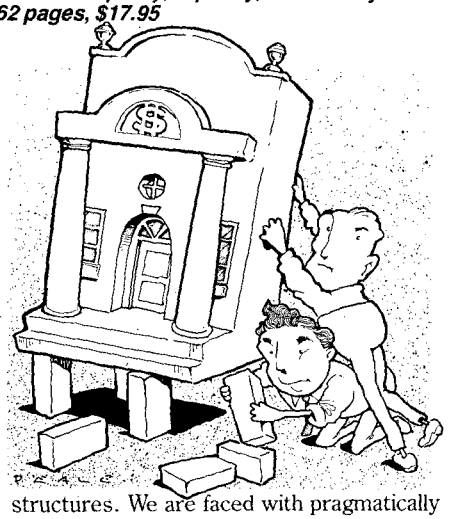
Peter Berger identifies *The Capitalist Revolution* as a preliminary effort to construct an "empirically oriented theory of capitalism and society," to fill in a "great lacuna...on the contemporary intellectual landscape." To this end he presents 50 propositions as hypotheses subject to falsification.

The factual evidence strongly suggests that capitalism outperforms alternative organizational structures in terms of the familiar success criteria. While Berger implicitly places his faith in this factual record, he at the same time recognizes that capitalism is notoriously unsuccessful in generating its own "supporting myths." In some ultimate sense, the evidence must matter, but the feedback loop remains shrouded in mysteries.

The facts of capitalism's relative success have been available for decades. Berger-like rearrangements of the evidence can, without question, be of marginal value, and the incorporation of a discussion of the Asian capitalist successes is one of the best features of this book. But we need to know much more about why the bridge from facts to organizational structure seems so difficult to cross.

The book should be better than it is. The theme is important; the method is appropriate; the argument is well developed. Aside from Berger's fellow academic sociologists, however, readers will be put off by the proffered stance as "social science" and by the lapses into specialized terminology. What does the word *facticity* add? He surely aims for a generalized readership among the intelligentsia, but he sometimes fails to escape the rhetorical constraints of his own academy.

Berger seems to overlook what political scientists Robert Dahl and Charles Lindblom taught us three decades ago. We are rarely, if ever, presented with "capitalism" and "socialism" as effective policy options. We do not choose between whole organizational



structures. We are faced with pragmatically derived choices between policy options in the small that will *incrementally* increase or decrease the politicization of our lives. And many who would express a preference for increasing politicization in the small would categorically reject the notion that they are choosing "socialism" over "capitalism" as an organizing principle for the whole social order.

Thus the failure to recognize the externalities of policy change may swamp in influence any understanding of the factual record. The federal government's bailout of a bank or an automobile firm is not likely to be opposed on an empirically grounded argument in favor of capitalism as a system of order. Such a bailout is much more likely to be opposed on the philosophically grounded argument that such an increase in politicization of the economy violates the *principle* by which the capitalist system operates.

Why do not the successes of capitalism, and especially as measured by the liberties and economic well-being of the masses, lead directly to political movement toward capitalist regimes? Peter Berger recognizes that the answer here, with respect to both the advanced socialist and the developing countries, lies in the incentives facing the persons and groups who hold the reins of political power. Success criteria for these effective decisionmakers are wholly different from those that might emerge from the ethical norms of the social philosophers. But exposure of the differences between the realities and the myths deserves greater emphasis than this book provides.

My criticisms do not add up to the suggestion that Berger should have written a different book. He has indeed marshaled the facts of capitalist success. These facts, however, must be supplemented by other evidence and analytical arguments. Ideas and analyses must join facts in the development of any effective political understanding.

James M. Buchanan, University Distinguished Professor at the Center for Study of Public Choice at George Mason University, received the 1986 Nobel Prize in economics.

CHARLES PEALE

Vignettes of the Frontier Economy

By Robert Sobel

Entrepreneurs of the Old West, by David Dary
New York: Alfred A. Knopf, 368 pages, $22.95

Students of economic and business history know that the major activity of businessmen in the American West during the 19th century involved locating resources, extracting them, and taking them to markets. It was natural, then, that many would find opportunities in such areas as furs, lumber, mining, cattle, and later on agriculture and petroleum, while others deepened rivers, engineered canals, and threw telegraph lines and railroads from the Mississippi to the Pacific.

In addition, hundreds of merchants went west to provide its inhabitants with goods

$25,000,000,000
The Government Holds For You

Would you like to stake a share of the $25,000,000,000 the government holds for just making a few phone calls and looking in some phone books? That is all you have to do to enjoy thousands of dollars. If you can read English and can speak on the phone, you can make thousands of dollars overnight—and you don't have to do any selling at all.

This ad will explain every detail of an exciting new business that has never been advertised or attempted before—what's more, you can enter with absolutely no money.

Life was not always rosy for me. I got involved in a bad business investment a few years ago and lost about $11,000. Everything I owned was taken away from me. I needed money desperately to feed my family, so I was forced to toil as a waiter at the Sheraton Harbor Island Hotel in San Diego by night, and I was a filing clerk during the day. It was so exhausting, that as soon as I got home, I would sleep for just a few hours, wake up in a stupor, drink four cups of coffee, and then scramble to my next job. I had no choice. It was the only thing I could do to stop disappointing my loved ones. I remember coming home on Mother's Day really eager to call my mother, only to find that my phone had been disconnected. I went through the mail praying for some good news, only to find an envelope with no return address—it contained an eviction notice. At this point I thought we would have to live in our beat-up Fiat. We were fortunate to have relatives that were kind enough to let us stay with them. I never knew life could be so miserable. I sat down on the sidewalk just realizing how much being in debt could hurt. With tears in my eyes, I prayed for a way out.

My friend Gary, who was in the same financial boat as I was told me a story that changed my life forever. He told me very excitedly, "I received a funny-looking letter. When I first saw it, I thought it was another creditor making a claim on me. The letter told me about money that was rightfully mine—it said that if I signed the enclosed form, I would receive $2,592.59. Things were so bad that I had nothing to lose, so I signed the form neatly and returned it to the company.

"Ten days later I received a check for $2,592.59 with an explanation. A distant aunt had died and left $4,320.98 in her savings account. The company that found me collected $1,728.39. The firm had no trouble finding out that I was related to her. Just for matching up people with the same last names, that agency was making millions every year."

It was just then that an amazing idea popped into my mind. I was overcome with excitement; this revolutionary system was so simple, yet I knew it would take me out of my rut. I was compelled to find out more about it. I had lost everything I owned; what else could I lose? I found out everything I could and began to work on a plan. I put it into effect. My prayers were heard. To my relief I started to make more money than I have ever seen in my life for doing practically nothing. **In fact, my income for just last month was $50,076.78.**

I had a C-minus average in high school—one year, I received an F in English. By no means was I ever considered to have the smarts. But I did it. All you have to do to make large amounts of money is thumb through phone books and make a few phone calls.

Last summer we moved into a gorgeous home. My wife told me it was her life long dream to own a brand new car. You should have seen her tears of joy when I surprised her with her own new $20,000 car. Later I bought a 1986 Mercedes 560SL that cost me $56,000.

The amount of money I was making was incredible. Just as a hedge against taxes, I bought two three bedroom houses valued at $200,000. I asked everyone in my family what they wanted the most and they said they wanted to see all of us together going places. In the past month we have visited three countries. In fact, we take a vacation every month. It's great seeing the joy in everyone's eyes as I spend more time with them.

Twenty-five billion is just sitting there waiting for someone to recover it. One out of ten Americans have forgotten or lost money in bank accounts, stocks, insurance premiums, etc. This is money worth as much as the amount of $10 bills you could lay end-to-end around the world; $25 billion. I will disclose a plan to you that will show you how to get your hands on this money.

Only 10 percent of the rightful owners claim their share of the $25 billion. The states make no strong effort to contact the rightful owners. Why should they, when unclaimed property is their biggest source of revenue, second only to taxes? The states are required by law to make a list of unclaimed owners. These lists are hard to find but I will show you how to get every one that the states publish. And in some cases, they're free.

Let me give you a random sample list from the state of Wisconsin. (Addresses are included in lists.)

Owner's Name	Property	Amount
Drinka, Teresa, A	Savings	$10,891.47
Lavelle, Samuel	Stock Proceeds	$21,529.61
McDonnell, Martha	Savings	$12,843.78
Meyer, Thusneida	Savings	$18,489.18
Patterson, Arthur	Savings	$14,629.24
Stien, George	Savings	$57,525.83

This listing is only a minor portion of the $25 billion in unclaimed property that is waiting for you.

Sworn Testimonials

I've spent at least $7,000 on money-making books and seminars. The difference between them and your method is that yours works! In less than three weeks (part time) I was able to secure $52,614.21. Thanks for a business that will easily make me $100,000 this year. If I can ever be of service just call.
Steve S., CO

Having read your book, I have recently launched into the fascinating endeavor of locating people. As a result, I have succeeded in finding an individual with a fairly large sum of money.
Ben S., CA

Thank you so much for the methods outlined in your book. I was able to secure $24,685 in just six hours of work. I have read just about all the other "get rich" books but yours has to be the best.
Terrie, T., MI

To make thousands of dollars, all you need are telephone books and a phone. The proven system in this book can be learned in a half hour. After that, you are all set. **If you can read English and can speak on the phone, you're in business. It's as easy as that.**

Sample Proof

Bonnie Goldstein, a well-known syndicated newspaper writer who doesn't know anything about finding people, located the owners of $4,100 in two and a half hours with two telephone directories—she said so in the *San Francisco Sunday Examiner & Chronicle.*

My Guarantee

Send for my complete guide to recovering unclaimed money. Read the simple formula that has been tailored for each individual state. Sit down and make the required few phone alls and directory searches. **After following the simple formula, you must be able to recover $10,000 in one day** or your complete payment will be returned to you.

This opportunity can give you a new home, car and all of the luxuries money has to offer. **Think of what $10,000 today could do for you.** Could you use this kind of money? There is a definite flaw in our revenue system, and you can profit from it.

David Bendah (619) 265-8777
6602 El Cajon Blvd., Suite B, Dept. 508 B
San Diego, CA 92115

Dear Dave:

Send me your complete guide to recovering $25,000,000,000 in unclaimed money on the condition that I must be able to locate $10,000 easily in one day with your book or you will return my entire payment.

On that basis, here is my $10.

Name_____

Address _____

City _____ **State**____ **Zip**____

Please add $1 dollar to cover part of the shipping costs. All checks must be accepted by TeleCheck; payments not accepted will be returned in full.

Special Offer!

Get more from Mises.

Two indispensable guides to the works of Ludwig von Mises — by his long-time student, Percy L. Greaves, Jr.

Understanding the Dollar Crisis

Professor Greaves examines "Austrian" subjective value, marginal utility theory of economics, and explains U.S. monetary manipulation through the depression. New epilogue covers through December 1983. 308 pages
(Listed at $14.00 cloth; $7.00 paper)
sale: $10.00/$5.00

Mises Made Easier
A Glossary for Human Action

An essential companion to Mises' *Human Action* in which Professor Greaves defines and explains precise meanings of all difficult terms and foreign phrases. Organized for ready reference. 157 pages
(listed at $12.00 cloth)
sale: $8.00

(All Mises' in-print books also available. Ask for complete list.)

FMB **FREE MARKET BOOKS**
P.O. Box 186
Irvington, N.Y. 10533

Please send the following at their sale prices:

UNDERSTANDING THE DOLLAR CRISIS cloth $10.00_____
paper $5.00_____
MISES MADE EASIER cloth $8.00_____
Shipping & handling $2.00
New York state residents, please add sales tax_____
TOTAL (check enclosed)_____

Name_____

Address_____

City_____ State_____ Zip_____

The Financial Services Revolution: Policy Directions For The Future

A CATO INSTITUTE POLICY CONFERENCE
February 26-27, 1987 ▪ The Capital Hilton, Washington, DC

The proper role of public policy toward financial institutions will be the subject of the Cato Institute's 5th Annual Monetary Conference. Topics considered will be the history of banking regulation, the efficacy of current regulations applied to changing markets, and the future of financial institutions. Speakers will include **George Benston, Thomas Huertas, George Kaufman, James Meigs, Anna Schwartz,** and **Richard Timberlake.**

Registration is $250 ($100 for nonprofit organizations). It includes all lectures, two luncheons, and a reception. For additional information, please contact Sandra McCluskey at (202)546-0200. Make check payable to the **Cato Institute, Dept. R, 224 Second St., SE, Washington, DC 20003.**

CATO INSTITUTE

the book case

manufactured in other parts of the country and world. There were small but significant enterprises engaged in what today we would consider tourism; some journalists developed a cottage industry of explaining the West to the rest of the world, which drew visitors, who went to Colorado and Nevada with the same spirit with which their descendents today travel to Tibet and the South Seas—to see for themselves exotic and beautiful places.

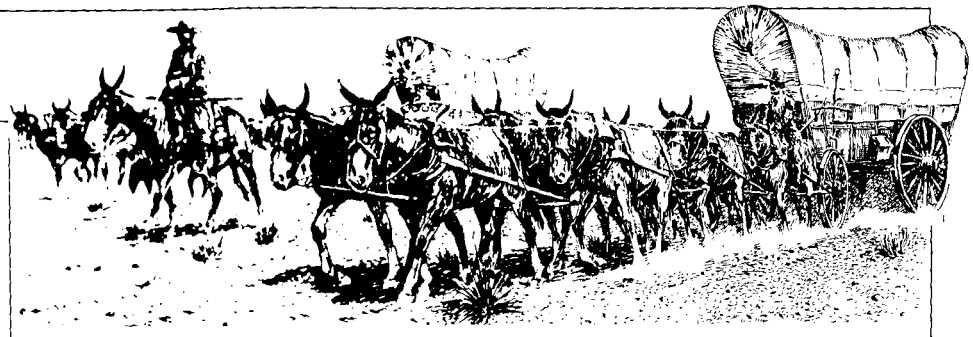
David Dary, a professor of journalism at the University of Kansas and a former newsman, has undertaken to tell part of the story in *Entrepreneurs of the Old West.* None of Dary's earlier works—*The Buffalo Book, True Tales of the Old-Time Plains, Cowboy Culture,* and *True Tales of Old-Time Kansas*—was devoted to what generally is considered analysis of businessmen. He is thus exploring here what for him is a new field of study. This may explain why the author says that while many books have been written on the old West, "few of them deal extensively with the entrepreneurial aspect of pioneer life."

Peter F. Drucker defines the entrepreneur as one "who endows resources with new wealth-producing capacity." Given this, it might be said that a majority of the books on the West deal directly or indirectly with entrepreneurship. Lewis Atherton, Hiram Chittenden, Robert Dykstra, Robert Fogel, and Paul Gates, who are quoted in *Entrepreneurs of the Old West,* certainly were concerned with this matter, as was Walter Prescott Webb, the greatest historian of the subject, whose *The Great Plains* is devoted to showing how the westerners adjusted to their environment to produce wealth.

Unlike these historians, Dary is more at home with interesting stories and anecdotes than with synthesis and analysis. It is here that he is at his best.

For example, he tells the tale of unfortunate James Baird, who in 1822 led an expedition bound for Santa Fe. The group lost its animals and trekked the 350 miles from Dodge City to Taos in 20 days. There they purchased mules, then rode to the place they buried their stores. Before turning around, however, they were attacked by Indians who robbed them of all their belongings. What was there to do? Dary writes that "again the traders had to walk to Taos."

We learn how trappers captured beaver, how skins were cured, and of the extraction from the perineal gland of "bait," a form of aphrodisiac that was reputed to draw beaver from as far as a mile away. Buffalo hunters, writes Dary, knew that the animals' coats were best from November to March, and



AL M. NAPOLETANO

he tells us how the Indians treated the skins to make them marketable.

Yet, though Dary's vignettes are colorful, he overlooks much about entrepreneurship in the Old West. He writes in his foreword of the "silent army" of entrepreneurs that sought opportunity and profit in the West. But the '49ers, the miners of the Comstock Lode, the cattlemen, and the like were hardly silent. Nor were lumber tycoons like Frederick Weyerhaeuser or Hiram Sibley, who all but single-handedly created the coast-to-coast telegraph linkage.

All of this is either ignored or scanted. There are only a few pages on the California gold bonanza and nothing for anyone who has a nodding acquaintance with the event, though the Kansas territory gold rush of the 1860s is treated somewhat better. (The author, whose major interest is Kansas history, is most comfortable with matters concerning that region.) Weyerhaeuser and Sibley aren't even mentioned in the book.

It could be that the author intended to concentrate upon small businesses or has uncovered material on half-forgotten individuals; but this suspicion is dispelled by the chapter entitled "The Iron Horse Arrives," which contains standard fare on the railroad tycoons. There is some interesting material on several Kansas cattle traders, such as Frank H. Mayer, a "buffalo runner," who made a good thing of hunting the beasts for their hides and meat, but little on the beef barons of the 1880s who, often financed by Scots banks, were equally important. Dary does a decent job in analyzing the buffalo trade, though here as elsewhere the material is thin and derivative.

On several occasions Dary offers inventories of goods carried by merchants, their trading methods, and profits—just enough to make the reader yearn for more information and the author's analysis, which rarely comes. In one of the chapters, "Traders and Indians," we learn that in 1835 the sharp traders at Bent's Fort bought buffalo robes for 25 cents' worth of trade goods and turned around and sold them in St. Louis for five or six dollars. One group handled more than 15,000 skins in a season, meaning their earnings could have come to well over $80,000. We read of how wells were driven in the Plains, and how Jewish merchants—including the ancestor of Sen. Barry Goldwater—started out and eventually became department store tycoons.

Curiously, for a person with his background, Dary has produced a series of barely related essays lacking a central thesis or even an underlying rationale. He leaves one wondering just where and to what purpose he is headed in his narrative. Still, his series of 14 chapters, arranged in more or less chronological order, illustrate some familiar and a few obscure aspects of the western business scene of the time.

In essence, this is a book for readers who will be delighted by interesting vign-

DISCOVER THE SECRET OF TURNING PEOPLE INTO LIBERTARIANS

The Essence of Political Persuasion

A Powerful, Intense 3-Hour Audio Cassette Training Resource by Michael Emerling

In just six short weeks, I will double your skills in one-to-one political persuasion. Or refund your money. Value for value. If I don't deliver, you don't pay.

You'll learn how to:

- Develop the Attributes of Effective Persuaders.
- Create and Build Rapport.
- Isolate and Identify the Real Issue.
- Ask Mind Altering Questions.
- Use Applied Epistemology.
- Leverage Liberty Through Language.
- Employ Shock and Surprise Techniques Effectively.
- Use the New, Enhanced Political Cross-Dressing.
- Introduce Intellectual Judo. Use their objections to defend liberty.
- Use Metaphors, deceptively powerful tools.
- And Much More.

ONLY $29.95 – 45 DAY MONEY BACK GUARANTEE.

Make Check or Money Order Payable to:

Michael Emerling • Box 28368, Department 1 • Las Vegas, Nevada 89126

the book case

ettes that the author has culled from a careful reading of primary and secondary sources, as well as from several unpublished theses, documents, and newspapers. The illustrations are very good, and Al M. Napoletano, who is responsible for the many pen-and-ink drawings, has deftly captured the flavor of the steel engravings of the period.

A professor of business history at Hofstra University, Robert Sobel is co-author of The Entrepreneurs: An American Adventure *as well as histories of IBM, ITT, and Salomon Brothers.*

Youth and the State

By Doug Bandow

National Service: What Would It Mean? by Richard Danzig and Peter Szanton Lexington, Mass.: Lexington Books, 306 pages, $30

National service "is one of the few innovations on the political horizon that, if adopted in comprehensive form, might transform the conditions of life in the United States," write Richard Danzig and Peter Szanton. And how right they are. For social engineering on such a grand scale would destroy the final vestiges of the system of limited government created by this nation's founders.

In fact, Danzig and Szanton are not wholly enthusiastic about having the federal government put millions of young people to work doing good. *National Service*, say the authors, is primarily an attempt "to help illuminate and focus the continuing debate." And this they do, by providing the sort of specifics that most advocates of federal servitude, like presidential hopeful Gary Hart, prefer to avoid.

The totalitarian aspects of national service have never seemed to dampen enthusiasm for the grand experiment. Perhaps the most famous proposal came from William James in 1910, who advocated conscripting the young for such tasks as coal mining and tunnel making. No mushy liberal he, James wanted "our gilded youths...to get the childishness knocked out of them, and to come back into society with healthier sympathies and soberer ideas."

The concept persisted over the years, though in more socially acceptable form, in the Civilian Conservation Corps and National Youth Administration of the New Deal, in the Peace Corps, and in VISTA. But opinion polls still indicate yearning for a universal, compulsory program.

The general public supports national service, believe Danzig and Szanton, because the concept "seems attractive for its potential to accomplish so many ends at once." Most importantly, say the authors, a service program would help meet social needs, inculcate personal values, and strengthen the military.

Unfortunately, in evaluating these claims Danzig and Szanton let their devotion to detail obscure some fundamental issues. For instance, how many national-service participants, they ask, "might be utilized in tasks of social value?" They consider the

book hints *a selective mention of books received for review*

ANOTHER BICENTENNIAL, this time of the U.S. Constitution, is upon us. No doubt a display of patriotics will proclaim the document's durability. But Harvard political scientist Stephen Macedo argues that there is cause for concern about our Constitution. In his highly acclaimed monograph, *The New Right v. the Constitution* (Washington: Cato Institute, 60 pp., $7.95 paper), he warns against judicial trends that seem to put untrammeled majoritarianism in place of constitutionally guaranteed liberties.

Our Constitution is rooted, at least in part, in English Common Law, which Arthur R. Hogue analyzes in *Origins of the Common Law*, a classic recently reprinted by Liberty Press (Indianapolis, 271 pp., $10/$4.50). Just as the United States inherited from Britain certain legal traditions, so too did it borrow much from British political economy, above all from Adam Smith's *Wealth of Nations*. Richard Teichgraber examines Smith's eminent work, especially looking at the philosophical assumptions behind it, in *"Free Trade" and Moral Philosophy: Rethinking the Sources of Adam Smith's "Wealth of Nations"* (Lanham, Md.: University Press of America, 140 pp., $19.95/$7.75).

The ideas of Adam Smith, F. A. Hayek, and other classical liberals have found renewed vigor in recent years. That's what Britain's "New Right" is all about, and in *The "New Right" Enlightenment: The Spectre that Haunts the Left*, (New York: Universe Books, 263 pp., $15 paper), Arthur Seldon gathers together essays by young thinkers who are in part responsible for the rebirth of classical liberal scholarship.

On the subject of free markets, Steven Plaut provides an entertaining introduction to the dynamics of the free-market system in *The Joy of Capitalism* (London and New York: Longman, 114 pp., $5.95).

Free-market economic thought has found an especially welcome home among libertarians, who stress individual freedom and property rights over government authority. John Galt, a pseudonymous voice of the libertarian movement, brings to the reader a lively introduction to this political outlook in *Dreams Come Due: Government and Economics As If Freedom Mattered* (New York: Simon & Schuster, 318 pp., $19.95).

One by-product of the renewed appreciation of free markets has been deregulation. Two new books explore the prospects and consequences of deregulation in the electric utility and communications industries: *Electric Power: Deregulation and the Public Interest*, edited by John C. Moorhouse (San Francisco: Pacific Research Institute, 516 pp., $34.95/$14.95) and *Communications Deregulation: The Unleashing of America's Communications Industry*, by Jeremy Tunstall (New York: Basil Blackwell, 320 pp., $24.95).

The flip side of the free-market coin is Big Government. For those who prefer to laugh rather than despair at the foibles of our own Big Government, Susan Trausch's *It Came from the Swamp: Your Federal Government at Work* (Boston: Houghton Mifflin, 227 pp., $15.95) might be just the cup of tea. To put politicians in their proper perspective, for example, Trausch advises that we imagine them in their underwear: "You...picture the person or persons standing there in something white, baggy, and wrinkled that came from a sale table at Sears. We're not talking Bloomingdale's monogrammed here....You've got to think loose elastic, gray around the waist band, tank top undershirts, and Playtex Long Lines."

—L.S.

requirements of parks, schools, and hospitals across America and estimate almost 3.5 million: "The work is there to do."

However, the concept of "unmet social needs" is meaningless. As long as human wants are infinite, "unmet social needs"—or "unmet business needs," for that matter—will also be infinite. But since the young are not a free resource, most such "needs" are not worth meeting: the "opportunity cost" of making a potential dentist, say, spend a year cleaning bedpans is quite high.

Equally superficial is Danzig and Szanton's discussion of the personal growth supposedly promoted by national service. The authors explore the usual and the unusual—"work experience," "alternative settings for self-definition," "earning adult status," and so on. And some form of "service" presumably would provide many of these benefits.

But the authors fail to explain two key points. First, why do most American youth not currently learn such values through school, work, and volunteer activities? Second, how would a compulsory federal program transmit important ideals better than an individual's overall, freely chosen life experience? The idea of compulsory compassion is an oxymoron. Moreover, what about other basic principles that may be at stake, such as individual freedom? Mandatory national service could very well reduce participants' respect for other peoples' liberty.

The third major argument for national service, write Danzig and Szanton, is to "enable the nation to meet its military personnel needs more fully and fairly." In fact, as the authors acknowledge, the all-volunteer force (AVF) is currently recruiting more than enough high-quality, well-educated soldiers. Moreover, despite the relatively high percentage of blacks in the armed services, the military, even without counting officers and NCOs, is broadly representative of society as a whole.

Danzig and Szanton do not endorse a draft, but they conclude that "from either supply or demand changes in the years ahead, pressure may grow to abandon the AVF and to move to a draft." And universal conscription, they suggest, might make military service more palatable to the public.

In fact, there is no shortage of commentators who reflexively turn to the draft as a solution to any military problem. For example, Richard Gabriel, a professor at St. Anselm College, supports conscription even though it would solve virtually none of the problems with the officer corps and army training practices that he details in his book, *Military Incompetence: Why the American Military Doesn't Win* (New York: Hill and Wang).

Similarly, Pentagon correspondent Arthur Hadley reviews military experiences ranging from Desert One in Iran, to Korea, to Vietnam in his book, *The Straw Giant* (New York: Random House). He, too, endorses a draft—to provide the armed services with "able professionals" and "able recruits," even though experience shows it would do no such thing.

A far more thoughtful conscription advocate is Philip Gold, now an editor of *Insight* magazine. In his book *Evasions: The American Way of Military Service* (New York: Paragon), Gold contends that a smaller potential enlistment pool in future years combined with a need to expand the military to meet America's far-flung global commitments makes a return to compulsory service inevitable. Notably, he dismisses such arguments as "moral obligation." Instead, writes Gold, "conscription is only necessary if it is to be America's purpose to offer this planet alternatives to either Armageddon or a communistic new Dark Age." Gold doesn't make his case, but he does deal with

Scientific Study Ranks NordicTrack #1

NordicTrack Pro With Adjustable Elevation

© PSI 1986

In tests of exercise efficiency at a major university, NordicTrack burned more calories and provided greater aerobic workouts.

Rank of Efficiency

1. NordicTrack X-C Ski Exerciser
2. An Exercise Bike
3. A Rowing Machine
4. A Shuffle-Type Ski Exerciser

Scientific Abstract available upon request.

NordicTrack's higher oxygen usage test scores show that more muscle mass is involved in the exercise and more calories are being burned.

It's Only Logical that NordicTrack Would Get the Highest Scores.

NordicTrack is More Complete Than an Exercise Bike

NordicTrack adds important upper body exercise and more uniform leg muscle usage.

Cross Country Skiing Is More Efficient Than Rowing

NordicTrack's standing position exercises the lower body muscles more uniformly. NordicTrack's arm resistance is separately adjustable–allows a more ideally proportioned exercise. Rowing machines use only one resistance setting for both arms and legs.

Burns Up To 600 Calories per 20 Minute Workout

For effective weight control.

NordicTrack has Inertial Resistance Not Available on a Shuffle-Type Ski Exerciser.

Other ski exercisers use less effective frictional resistance with a resulting calisthenics-like feeling. NordicTrack's unique flywheel provides more effective inertial resistance for a life-like feeling of smoothness and continuity matched only by real skiing.

Free Brochure. Call

800-328-5888

Minnesota 612-448-6987

NordicTrack

141RE Jonathan Blvd. N., Chaska, MN 55318

the issue honestly.

Nevertheless, would universal service help the military? Neither Gabriel, Hadley, nor Gold advocates such an approach. Indeed, Gold bluntly denounces national service for being "utterly pernicious, not only in its desire to insure equity by spreading hardship, but also for its attempt to use conscription for social engineering. If the military claim is to have any validity, it must remain unique, not one part of a package of involuntary servitudes." In short, it is one thing to force men to defend the country; it is quite another to jail them if they refuse to tend parks or clean hospitals.

The justifications for national service may be weak, but Danzig and Szanton go on to detail four specific models. One, they say, could be "operated by high schools and integrated with their curricula." Such a program "is not likely to show substantial achievements," they admit, but variations of it nevertheless "warrant testing." Why? Many schools have already instituted internship programs—without federal subsidies.

Then there's a draft-based system. Even Danzig and Szanton dislike this option, arguing that it would be too costly and would actually "bleed especially qualified men out of the military."

Alternative three is simply a voluntary federal program, which makes little sense given the widespread opportunities today for young people to "serve" others. Moreover, acknowledge Danzig and Szanton, "no voluntary program is ever likely to be big enough to make a substantial difference."

Finally, option four is universal mandatory service. "Is it sensible to allocate so great a proportion of the nation's labor and budget to national service?" ask the authors. They're not sure: it "might broaden the outlook and increase the cohesion of U.S. citizens," but it might not "be a positive experience for most of its very diverse participants," and any benefits "would be accompanied by substantial costs." Therefore, Danzig and Szanton conclude, this program should be "considered only after intermediate steps had been tried, and succeeded."

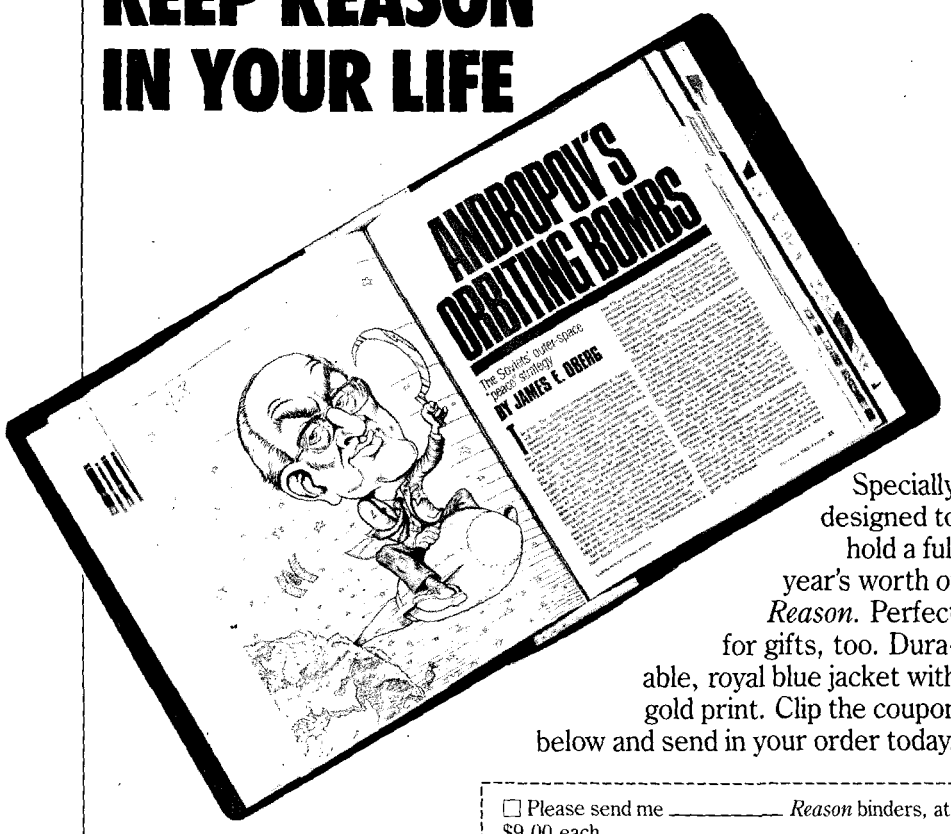
National service has long been the great hope of social engineers everywhere. And Danzig and Szanton want to proceed, ever so slowly, with the concept: "the evocative ideal of national service now justifies neither more nor less than deliberate experiment and clear-eyed sequential judgements about whether the promise of various proposals can be realized in practice." But nothing in *National Service* justifies further study of a concept so inconsistent with the basic values of this nation, an aspect of the issue the authors never consider.

National service has long been the great hope of social engineers everywhere.

Nevertheless, Danzig and Szanton have performed a great service by making concrete something that is normally presented as an ethereal vision. Observe the authors, "as an ideal...national service has relatively broad political appeal; reduced to a particular plan, it may have considerably less appeal." And *National Service* may provide the best evidence yet that this is the case.

Doug Bandow is a senior fellow at the Cato Institute. He previously served as a special assistant to President Reagan and worked with the Military Manpower Task Force.

KEEP REASON IN YOUR LIFE



Specially designed to hold a full year's worth of *Reason*. Perfect for gifts, too. Durable, royal blue jacket with gold print. Clip the coupon below and send in your order today.

IN DELUXE REASON BINDERS.

☐ Please send me _____ *Reason* binders, at $9.00 each.

☐ Please send me 4 *Reason* binders for $34.00—I save $2.00.

(U.S. orders include postage and handling. Orders outside U.S. add $1.00 per binder.) Payments must accompany order.

(CA residents add 6% sales tax.)

Name

Address

City/State/Zip

Mail to: Reason Enterprises, 2716 Ocean Park Blvd., Ste. 1062, Santa Monica, CA 90405

I took the picture & was set for life.

How would you like to get paid $100 for each picture you take? You don't have to be a skilled photographer. Take ten pictures an hour and put $1000 in your pocket. Imagine becoming financially independent with this revolutionary method of making money with a camera. I can show you how.

If you own any type of camera, you can put my plan into immediate effect. Thousands of dollars can be yours for only taking some snapshots. You don't have to know how to develop film, you don't need a darkroom, you don't even have to know anything about photography. Anyone can use my system. **Follow my instructions — just aim your camera, take the picture and the money is yours.**

I'm not a photographer. In fact, my system has nothing to do with what conventional photographers do. It is so revolutionary that most professional photographers have never even heard of this system. If they did they would be using it right now. It is a method of making large amounts of money with your camera that has not been advertised before. Let me tell you how I stumbled upon this discovery.

A few years back, I invested about $12,000 in a promising business venture; I even borrowed for this venture from my complete life savings. The venture and my life savings went down the drain, and I lost every penny I had. I didn't have money for rent, for my car payments, utility bills or even clothing. Most of my letters had something in common: "FINAL NOTICE" stamped on them in bold red. I came home one evening to watch the 6:00 news, and found that the T.V. set was missing. I sat on the floor in dismay thinking we had been robbed. But then my wife walked in the front door with tears streaming down her face, and she trembled as she explained that it was sold so we could afford to have food on our table. Later, we were evicted and were fortunate that relatives let us stay with them. I could bear to feel the pains of debt alone, but how I hated to see my loved ones shiver with the fear of having no future. My suffering was killing me.

My boss called me up and told me in a gentle voice that I could pick up my last paycheck that week. I had just been fired. I was already too hurt, and didn't think I could bear anymore. I felt so hurt when I went to bed that night,I just couldn't sleep. I could only lay there helpless with tears in my eyes; I was filled with so much anguish. Just then, as I lay there, an incredible idea overcame me. It was so remarkable that I lay there in amazement, wondering why everyone isn't using this incredible system that only requires a camera. After that day my whole life took a 180 degree turn to prosperity. I was so overjoyed with relief; I knew I had discovered a money-making system that would solve my money problems forever.

I started making more money than I could count. In a matter of months all of my debts were paid off. A year ago, I wanted to buy my mother a small set of earrings from a jewelry store in a large mall up near San Francisco. They denied me credit, and I walked out of that store filled with shame at the rejection. This month, my partners and I bought that same shopping mall for the sum of $25,750,000. I just recently deposited $70,000 in my bank account for this month alone. I now own three cars that have a total value of $75,000, one of which is a $50,000 1986 Mercedes.

I went out and bought a beautiful three bedroom house and spent $15,000 decorating it to my wife's every wish. I own two homes, as well as a vacant piece of land.

My life changed in a matter of days. **All that you need to change your life** is the ability to take a photo, and a camera. You don't have to take any type of photography course or program. In fact, I even dropped out of high school. Why? Because I was getting close to a "D" average. I was an inferior student; I have a hard time picking things up. It took me two whole years to get my driver's license. I had to take the driver's exam three times before I finally passed. Yet this program is making me a fortune.

The more photos you take — the more money you will make. This system really works. It will work any time you want more money. Do you need more money? Take out your camera and follow my simple instructions — it is as easy as that.

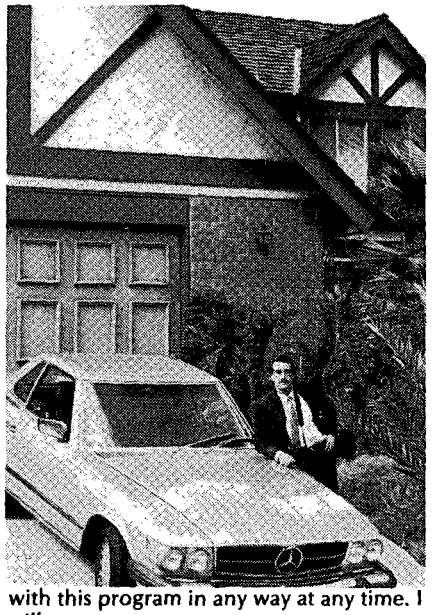
My system is very easy to use. You don't have to know a thing about photography to make it work for you. Your pictures don't even have to be that good for the system to pay off. I will instruct you every step of the way.

The best thing about this program is that you don't have to sell anything. There is no catch and it is simple to do. All you have to know is what to take a picture of. Take the right pictures and make the big money. It is that simple.

You can use an inexpensive 35mm. camera. Any camera you choose becomes tax deductable. Almost everyone owns at least one camera — why not write it off? I started off with an inexpensive camera — and later picked up an expensive Minolta — a 100 percent business expense that saved me hundreds of dollars.

No Risk Guarantee

Send for my book *Thousands Of Dollars A Day With Your Camera*. Follow the simple instructions, and take the required pictures with any 35mm. camera. Watch and see how much you are paid for your pictures. You be the judge: If you are unsatisfied with this program in any way at any time. I will return your payment.



I'm using this system right now. I've gotten over all of the hurdles you might encounter. I will send you complete documentation on how to get this business going. Every form you will need as well as complete instructions will be sent to you. One thing you won't have to worry about is competition. I'm one of the few people that are putting this amazing system to use. In fact about 50 million people will pay you for putting my system into use.

As soon as you get my manual you can start up your new business. Could you use a $50,000 shiny brand new 1986 Mercedes? Or what about a $350,000 home -overlooking the ocean. You could have these things with my system. It could get you the things you have always wanted. Give my manual a try - you have nothing to lose and a lot to gain.

Jeff Peters (619) 286-5221
5350 Jackson Dr., Suite 300, Dept. 708 B
La Mesa, CA 92041

Dear Jeff:

Send me your complete manual to making a fortune with my camera on the condition that I must be able to put your plan into immediate effect with just the camera. Your plan must enable me to be financially independent. If I am unsatisfied with your manual in anyway -return my complete payment to me.

On that basis, here is my $10.

Name _____
Address _____
City _____ State ___ Zip _____

Important: To defray part of the cost of postage and handling please include "**one dollar.**"

©1986 Jeff Peters

viewpoint

By Mack Tanner

Acts of Terror or Acts of War?

Everyone hates terrorists. They scare us, and we want our government to do something to stop them. We applaud when the president uses jet fighters to catch them or to demonstrate they can't be safe, even when asleep in their beds.

So why do we cheer the Afghan rebels and the Cambodian resistance army, provide financial support to the Nicaraguan *contras*, remember with honor the Hungarian freedom fighters, and celebrate the Fourth of July?

What's the difference between an Afghan farmer who slits the throat of a Russian soldier and a Salvadoran communist who kills three U.S. Embassy marine guards? Their politics are different, of course. But, contrary to the reactions and pronouncements of U.S. government officials, we cannot rightly honor as freedom fighters all those who support current American political objectives and condemn as terrorists any insurgent force that opposes them.

Americans have always recognized a moral right to take up arms against one's government. It's right there in the Declaration of Independence: "Whenever any Form of Government becomes destructive of those ends, it is the Right of the People to alter or abolish it....When a long Train of Abuses and Usurpations...reduce them under absolute Despotism, it is their Right, it is their Duty, to throw off such government."

People who decide their grievances against the government are so great as to justify violent acts of rebellion have declared war on that government. Traditionally, legitimate acts of war seek to avoid injury to uninvolved civilian populations, even if those populations support the government under attack.

But revolution is never safe or easy. Attacking military facilities, soldiers, or well-guarded government buildings is about the most dangerous thing a human being can do. Revolutionaries who don't have the courage, the will, and the tactical sense to wage real war against their enemies try something easier and safer. They attack uninvolved, unarmed, defenseless civilians. That's terrorism.

Whether we consider an attack an act of terror or an act of war should depend on the target chosen, not the politics of the attackers—no matter how offensive. By this measure, a lot of war is being labeled terrorist. Why? Because any smart political leader knows that the ordinary citizen will always be on his side against the terrorists. It's a lot harder to convince people we have to go to war.

Unfortunately, politicians don't just confuse the good citizens; they confuse themselves. And that self-deception gets in the way of making sound decisions in reacting to violence against us around the world.

Of course, innocent civilians do sometimes get killed in attacks on military targets. And the line between terrorism and military action has been confused because so many governments themselves resort to terrorism. Nevertheless, whether it is one madman, a dozen insurgents, or a government, we can separate an act of terrorism from a military act of war by checking on the target of violence and the efforts made to avoid noncombatant casualties.

An attack on a Russian military convoy by Afghan insurgents is an act of war; the carpet bombing of peasant villages where some insurgents might be hiding is an act of terror.

The capture of our embassy in Iran is an act of war; the kidnap and murder of an American businessman in Latin America is an act of terror.

The suicide bombing of the U.S. Marine barracks in Lebanon is an act of war; the highjacking of a TWA flight is an act of terror.

The murder of British soldiers on duty in Northern Ireland is an act of war; the bombing of a crowded bar where civilians are sure to get hurt is an act of terror.

Shooting a crippled tourist in a wheelchair is an act of terror; bombing bases where terrorists are trained is an act of war.

Killing a foreign military advisor who's helping a local government suppress a rebellion is an act of war; raping and murdering four nuns is an act of terror.

It isn't surprising that President Reagan calls attacks on military advisors and U.S. Embassy officials in San Salvador terrorist attacks and insists that a terrorist killed the marines in Lebanon. He thus doesn't have to admit that we have been waging war in those countries and that at least a few of the citizens are fighting back. Whether or not we are on the side of right, if we support the *contras* in Nicaragua or the government in San Salvador, we are supporting one side in a *war*. By doing so, we make legitimate targets of American military personnel and the U.S. officials directing our efforts.

It's not just our leaders who get confused. The Sandinista government is using state terrorism against its own population, just like every other communist country in the world. That fact by itself destroys the argument of Americans who think we should be supporting that government.

When we don't distinguish between terrorism and war, we can't be true to our ideal of the right of all people to fight against their government for just cause. This has happened with our new treaty of extradition with Great Britain. By agreeing to no longer deny extradition to Great Britain on political grounds, we have in effect excluded it as a country against which people have a right to revolt.

We should extradite the bastard who bombed a church, blew up a car on a crowded street, or murdered civilians delivering groceries to British Army headquarters. But, confused over the difference between a terrorist and a rebel, we will now extradite also the insurgent who attacked a military target. We no longer recognize a right to revolt against the target of our own Declaration of Independence.

Is he a terrorist or is he a freedom fighter? It's easy to tell. Is he aiming at an innocent civilian, or at someone who was already aiming at him?

MICHAEL KNEPP

Mack Tanner serves in the U.S. diplomatic corps in Bangkok. His article on Thailand appeared in the July 1986 REASON.

An Unfair Comparison

Frank Lloyd Wright Half Ounce		Statue of Liberty $5.00
1982	Year	1986
27.7 mm	Diameter	21.6 mm
91.7 %	Purity	90.0%
.5000 oz	Gold Content	.2417 oz
348,000	Mintage	500,000
57,500	Supply	500,000
$335	Price	$425

It's not a very fair comparison, is it?

Both are recent U.S. Mint gold commemoratives: one commemorating the fiercely independent individual who was the greatest of all American architects, the other commemorating the 100th anniversary of the Statue of Liberty. But that is where the similarity ends.

The Frank Lloyd Wright Half Ounce is bigger than the $5.00 Statue. It is more than 30% scarcer, in terms of mintage. It is made of purer gold. And the Frank Lloyd Wright contains more than **twice** as much gold as the $5.00 Statue. Yet the Frank Lloyd Wright is currently available for one third **less** than the $5.00 Statue.

Why does the Wright Half Ounce cost less, even though it contains twice as much gold and is rarer than the $5.00 Statue?

Background

During the past few years, the American public has shown an increasing interest in the gold commemorative issues of the U.S. Mint.

In 1984, collectors bought more than 400,000 $10 Olympic commemorative gold coins. Early this year, collectors snapped up a half million $5 gold coins commemorating the Statue of Liberty before the Mint refused to accept more orders. During the ten months since the Mint stopped sales, the $5 Statue has more than doubled in price!

The American lust for U.S. Mint gold was further demonstrated by the recent sell-out of the new Eagle gold coinage – which saw prices rise to more than $700 per ounce despite the Mint's promise to issue at least 5 million coins this year!

With all the hoopla about recent issues, serious collectors and investors are seeking out U.S. Gold Medallions, the special issue of One Ounce and Half Ounce gold commemoratives issued between 1980 and 1984. And it's easy to see why.

Like the $10 Olympic and the $5 Statue of Liberty, Medallions are commemorative gold issues of the U.S. Mint. And like the new gold Eagles, Medallions were issued in integral one ounce and half ounce denominations.

But the Medallions have an advantage over all these other issues: **rarity.** The Eagles are issued in unlimited quantities. A half million $5.00 Statues were sold. Over 400,000 $10 Olympics were sold.

The Medallions had much lower mintages – often less than 100,000. Even the most common Medallion has a much lower mintage than the scarcest other recent gold Mint issue.

The Frank Lloyd Wright Medallion

The chart above illustrates that the Frank Lloyd Wright is a real bargain, based on its gold content, mintage and price.

And it's scarcer still.

At least it's much scarcer than one might think if he just looked at the mintage figure. According to published reports, the private distributor of the Wright Half Ounce destroyed more than 80% of the entire mintage. One expert estimates that only 57,500 Frank Lloyd Wright Half Ounce Medallions exist today. That makes it more than 8 times as **rare** as the Statue of Liberty!

It is that rarity that explains why the Wright Medallion has risen more than 50% since last May.

Historic Interest

The Frank Lloyd Wright commemorative is significant for another reason as well: it commemorates a man whom many consider the greatest American architect, the man whose career is said to have been the inspiration for architect Howard Roark in Ayn Rand's novel *The Fountainhead*.

The obverse of the Medallion (illustrated above) features the bust of the architect; the reverse features an example of a Wright designed home.

A Special Price!

Because we assiduously accumulated a reasonable quantity of the Wright Medallion before prices began to move up sharply, we are able to offer it at a special low price of $335 per single coin, or $330 per coin if you purchase 3 or more coins. There is a strict limit of 10 coins per order.

Act Today! Our stock is limited. Orders will be filled on a first-come, first-served basis, so don't delay. L C S also has other dates and types of U.S. Gold Medallions. Call us for current quotations.

To Reserve Your Purchase call us toll-free -800-321-1542. (Alaska and Michigan call 1-517-351-4720.) Or return the coupon with your check or money order.

Yes! Please send me the Frank Lloyd Wright Half Ounce commemoratives that I have indicated below. I understand that, as a bonus, I will receive a one year subscription to Analysis & Outlook (reg. $36.00) with my first order.

Qty.

_____ Frank Lloyd Wright Half Ounce @ $335.00 = _____

_____ Frank Lloyd Wright Half Ounce @ $330.00 = _____
(3 or more Medallions)

Postage and handling: $5.00

Total Enclosed: _____

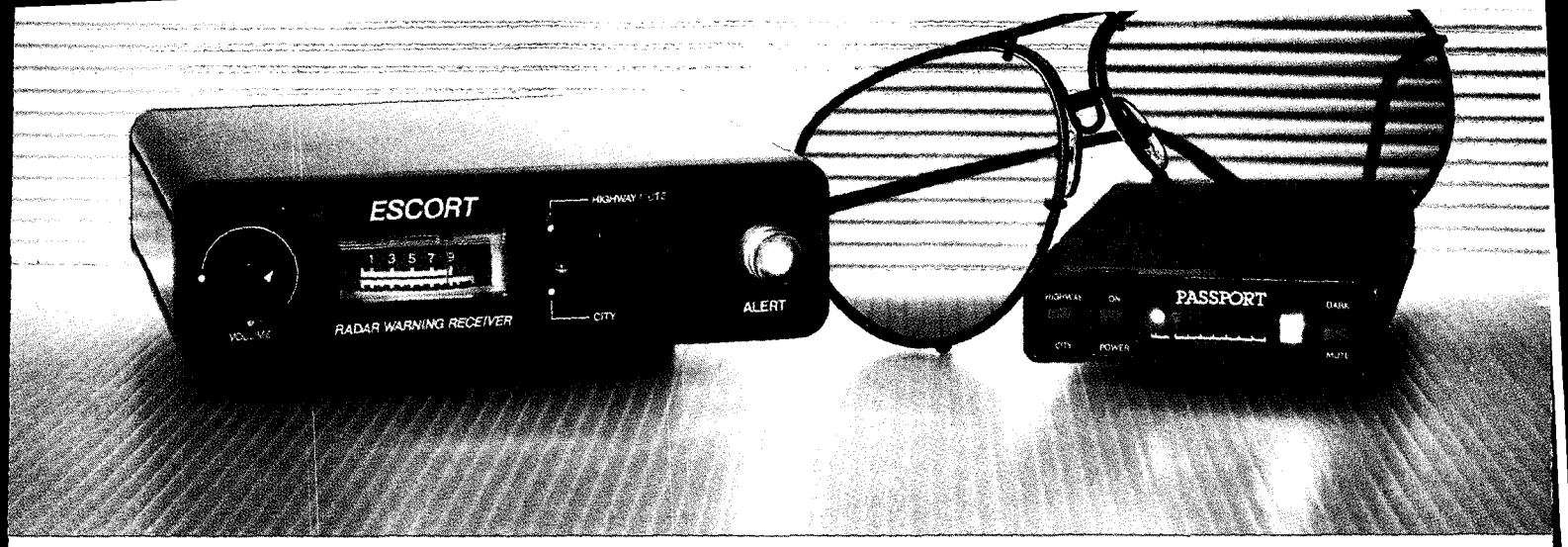
Name_____

Address_____

City_____ State_____ Zip_____

Phone (_____)_____

Liberty Coin Service
300 Frandor Avenue, Lansing, MI 48912
☎ **Toll Free 800-321-1542**
Alaska & Michigan (517) 351-4720



Radar warning breakthrough #4 is now available from the same engineers who made #1, #2, and #3

Bad news for radar detectors. The FCC (Federal Communications Commission) has cleared the Rashid VRSS for operation on K band.

What's a Rashid VRSS?

The Rashid VRSS is a collision warning system using a radar beam to scan the vehicle's path, much as a blind person uses a cane. It may reduce accidents, which is very good news.*

Now for the bad news

Unfortunately, the Rashid transmits on K band, which is one of the frequencies assigned to traffic radar. Rashid speaks a radar detector's language, you might say, and it can set off detectors over a mile away.

Faced with this problem, we could hope Rashid installations will be few. Or we could invent a solution.

Opportunity knocking

Actually, the choice was easier than it sounds, because our engineers are in the habit of inventing remarkable solutions. In fact, in the history of radar detection, only three advancements have qualified as genuine breakthroughs, and all three came from our engineers.

Back in 1978, they were first to adapt dual-band superheterodyne technology to the problem of traffic radar. The result was ESCORT, now legendary for its performance.

In 1983, when a deluge of cheap imported detectors was found to be transmitting on radar frequency, our engineers came through again, this time with ST/O/P™, a sophisticated circuit that could weed out these phony signals before they triggered an alarm.

Then in 1984, using SMDs (Surface Mounted Devices), micro-electronics originally intended for satellites, these same engineers designed the smallest detector ever. The result was PASSPORT, renowned for its convenience.

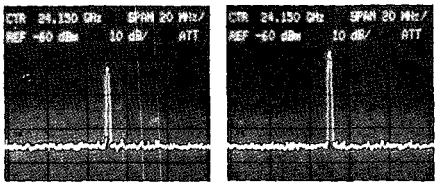
*For more information on Rashid VRSS collision warning system, see *Popular Science*, January 1986.

They said it couldn't be done

Now we're introducing breakthrough number four. In their cleverest innovation yet, our engineers have found a way to distinguish Rashid from all other K band signals. It's the electronic equivalent of finding the needle in a haystack. The AFR™ (Alternating Frequency Rejection) circuit isolates and neutralizes all Rashid signals, yet leaves the radar detection capability undiminished for your protection.

No waiting for the good stuff

When testing proved that AFR was 100 percent effective, we immediately incorporated it into ESCORT and PASSPORT. Our policy is to make running changes—not model changes—whenever a refinement is ready. That way our customers always get the latest science.



RADAR RASHID

Figure 1: A digital spectrum analyzer scanning the entire width of K band can't see the difference between radar and Rashid.

AFR is fully automatic. There are no extra switches or lights. Nothing for you to bother about. The Rashid problem simply goes away.

Last year *Road & Track* called us "**the industry leader in detector technology.**" We intend to keep earning our accolades.

Now... same-day shipping

Call us toll free with your questions. If you decide to buy, orders in by 3:00 pm eastern time Monday through Friday go out the same day by UPS, and we pay for shipping. Overnight delivery is guaranteed by Federal Express for $10 extra.

Money-back guarantee

If you're not entirely satisfied in 30 days, return the purchase. We'll refund *all* your money, including return postage, with no questions.

We specialize in breakthroughs. Can we make one for you?

Order Today

TOLL FREE... 800-543-1608

(Phone M-F 8-11, Sat 9-5:30, Sun 10-5 EST)

VISA

By mail send to address below. All orders processed immediately. Prices slightly higher for Canadian shipments.

PASSPORT®
RADAR·RECEIVER

Pocket-Size Radar Protection $295
(Ohio res. add $16.23 tax)

ESCORT®
RADAR WARNING RECEIVER

The Classic of Radar Warning $245
(Ohio Res. add $13.48 tax)

Cincinnati Microwave
Department 61327
One Microwave Plaza
Cincinnati, Ohio 45296-0100

© 1986 Cincinnati Microwave, Inc.

Now... same-day shipping at no extra cost.